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A	202 DATA SYSTEMS INC	10Q	01-31-92
B	CALIFORNIA-ENGELS MINING CO	10Q	03-31-92
C	CACHE INC	10Q	03-28-92
D	COMPTRONIX CORP	10Q	03-29-92
E	CYTORAD INC	10Q	03-28-92
F	GOLDEN ISLES FINANCIAL HOLDINGS INC	10Q	03-31-92
G	IMPLANT TECHNOLOGY INC	10Q	03-31-92
H	MAGNETECH CORP	10Q	03-31-92
I	MITEK SURGICAL PRODUCTS INC	10Q	03-31-92
J	MOREHOUSE INDUSTRIES INC	10Q	02-28-92
K	P & F INDUSTRIES INC	10Q	03-31-92
L	PENNFIRST BANCORP INC	10Q	03-31-92
M	PLAINS SPIRIT FINANCIAL CORP	10Q	03-31-92
N	QUEEN CITY BROADCASTING INC	10Q	03-31-92
N	QUEEN CITY BROADCASTING OF NEW YORK INC	10Q	03-31-92
O	S O I INDUSTRIES INC	10Q	03-31-92
P	SURGICAL CARE AFFILIATES INC	10Q	03-31-92
Q	TANDON CORP	10Q	03-31-92
R	TINSLEY LABORATORIES INC	10Q	03-29-92
S	TRANSTECH INDUSTRIES INC	10Q	03-31-92
T	FRED WARNER CAPITAL CORP	10Q	03-31-92
U	WYMAN-GORDON CO	10Q	03-28-92

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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

[X] Quarterly Report pursuant to Section 13 or 15(d) of the Sec
For the quarterly period ended January 31, 1992 OR

[ ] Transition Report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 For the transition period from ________ to ________

202 DATA SYSTEMS, INC. 0-11505
(Exact name of registrant as specified in its charter)

PENNSYLVANIA
(State or other jurisdiction of incorporation or organization)

23-2119811
(I.R.S. Employer Identification Number)

Station Square Three
Paoli, PA 19301
(Address of principal executive offices)
(Zip Code)

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(215) 647-2700
Registrant's telephone number including area code

None
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ____ No ____ (Not applicable.)

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at March 13, 1992
Common Stock, $0.10 par value	3,368,443 Shares

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202 DATA SYSTEMS, INC.

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202 DATA SYSTEMS, INC.
CONSOLIDATED BALANCE SHEET

	January 31, 1992 (Unaudited)	October 31, 1991
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,039,724	$ 1,059,878
Income taxes receivable	89,669	89,669
Other assets	46,807	49,180
Total current assets	1,176,200	1,198,727
Other assets	73,828	51,212
	$ 1,250,028	$ 1,249,939
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Accrued expenses	91,788	58,968
Deferred revenue	17,537	43,559
Total current liabilities	109,325	102,527
Deferred income taxes	320,456	322,737
	429,781	425,264
Shareholders' equity:		
Common stock	336,844	336,844
Additional paid-in capital	547,235	547,235
Retained earnings	(63,832)	(59,404)
Total Shareholder's equity	820,247	824,675
	$ 1,250,028	$ 1,249,939

The accompanying notes are an integral part
of the consolidated financial statements.

202 DATA SYSTEMS, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	For the three Months ended January 31,	
	1992	1991
Sales of products and services	$ 98,875	$ 44,681
Investment income	12,911	21,157
Other income	2,491	-
	114,277	65,838
Cost of sales and product development ..	70,539	75,249
Selling, general and administrative and professional expenses	50,447	37,215
	120,986	112,464
Income (loss) before income taxes	(6,709)	(46,626)
Income taxes (benefit)	(2,281)	(20,944)
Net income (loss)	($ 4,428)	($ 25,682)
Primary and fully diluted earnings (loss) per share	($.00)	($.01)

The accompanying notes are an integral part of the consolidated financial statements.

202 DATA SYSTEMS, INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional paid-in capital	Retained earnings
	Shares	Amount		
Balance, October 31, 1991	3,368,443	$336,844	$847,235	($59,404)
Net income three months ended January 31, 1992 ...				(4,428)
Balance, January 31, 1992 ...	3,368,443	$336,844	$847,235	($63,832)

202 DATA SYSTEMS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents
(Unaudited)

	For the three Months ended January 31.	
	1992	1991
Cash flows from operating activities:		
Net income (loss)	($ 4,428)	($ 25,682)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in:		
Other Assets	(20,243)	24,157
Increase (decrease) in:		
Accrued expenses	32,820	(81,565)
Deferred revenue	(26,022)	-
Deferred income taxes	(2,281)	(20,943)
Total Adjustments	(15,726)	(78,351)
Net cash used for operating activities	(20,154)	(104,033)
Cash flows from financing activities:		
Receivable from a related party, net of imputed interest	-	310,000
Net cash provided by financing activities	-	310,000
Net increase (decrease) in cash and cash equivalents	(20,154)	205,967
Cash and cash equivalents, beginning of period	1,059,878	1,195,730
Cash and cash equivalents, end of period	$1,039,724	$1,401,697
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ -	$ -
Income taxes	$ -	$ -

The accompanying notes are an integral part of the consolidated financial statements.

202 DATA SYSTEMS, INC.

Notes to Consolidated Financial Statements

NOTE
NUMBER

1. The consolidated balance sheet as of January 31, 1992, and the related consolidated statements of stockholders' equity, operations, and cash flows for the three months ended January 31, 1992 and 1991 are unaudited. These financial statements should be read in conjunction with the Company's annual Form 10-K and financial statements, dated October 31, 1991, for a full description of the Company's activities and accounting policies and practices.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In March 1990, a wholly owned subsidiary of the Company acquired substantially all of the assets of Nurion, Inc., a Pennsylvania corporation. Nurion, Inc. is a corporation which has specialized since 1978 in the design and manufacture of proprietary products for individuals who are blind and visually impaired, using laser and echo-ranging technology. The business activities of this new venture are conducted in a wholly owned subsidiary of the Company which, for continuity, was named Nurion Industries, Inc. This diversification effort into a specialized electronics market is considered to be a start-up opportunity requiring a substantial investment of time and resources. The majority of the Company's resources, technology, and finances are currently focused primarily on the technical development to redesign and upgrade the current products to incorporate newer technology. The Company has incurred losses primarily as a result of these research and development efforts. The Company intends to continue to invest time and money to bring upgraded products to the marketplace. These up front expenditures may result in additional losses for the Company in the future and there is no assurance that these efforts will be successful.

In addition to continuing certain on-going activities, the Company continues to pursue expansion into new areas of business. Although there is no assurance that any suitable new business opportunity will be found, such expansion, if successful, may provide an additional base and direction from which the Company will continue forward.

OPERATING RESULTS - THREE MONTHS ENDED JANUARY 31, 1992 COMPARED TO THREE MONTHS ENDED JANUARY 31, 1991

REVENUES

The Company's revenues from sale of products and services were derived in part from sales of products for individuals who are blind which accounted for 12.7% ($12,589) and 19.0% ($8,496) of total revenues in the 1992 and 1991 fiscal quarters respectively. A contract to redesign a product for individuals who are blind accounted for 86.4% ($85,466) of total revenues in the fiscal quarter ended January 31, 1992. This business segment relating to products for individuals who are blind was new in 1990. The Company's revenues from sales of products and services were derived in part during the fiscal quarter ended January 31, 1991, from a sale of a Permit Manager license which accounted for 79.7% ($35,606) of such revenues in that quarter. The remaining revenues derived from sales of products and services were insignificant and primarily from sales of other computer applications and computer hardware. Total revenues from the sales of products and services increased in the 1992 quarter to $98,875 as compared to the 1991 quarter of $44,681 primarily due to the product redesign contract.

Investment income declined in the 1992 quarter to $12,911 as compared to the 1991 quarter of $21,157. This decline was primarily the result of lower amounts of invested cash and lower interest on taxable investments.

COSTS AND EXPENSES

Cost of sales and product development includes primarily salaries and related payroll costs associated with research and development efforts, contracted engineering services, tooling costs associated with research and development efforts, costs of direct purchases of hardware and supplies for resale to customers, and direct overhead expenses. Cost of sales and product development in the 1992 and 1991 quarters amounted to $70,539 and $75,249 respectively and was principally related to development work on the Company's products for the blind and visually impaired and the Company's computer products.

Selling, general and administrative and professional expenses are comprised primarily of officers' compensation, salaries and related costs, professional fees, directors' fees, insurance costs, costs of investigating new business opportunities, and other overhead costs which are not otherwise allocated to costs of sales and product development. These costs increased in the 1992 quarter to $50,447 compared to the 1991 quarter of $37,215 principally because of increased marketing efforts and expenditures investigating new business opportunities.

SUMMARY

The Company added a new business segment in 1990 and has been investing its resources in the development of products for individuals who are blind and visually impaired.

The Company has derived some revenues from the development and sale of its products (primarily its Permit Manager licenses and products for individuals who are blind), and from interest income on investments. Revenues from these sources have helped to reduce the cost of investing in the development of products for the blind and visually impaired. Management believes on-going development expenditures on its products for the blind and visually impaired may result in additional losses for the Company in the future.

The Company presently has no firm commitment for any significant orders.

The Company does not believe that inflation had a material impact on its operations but believes it was adversely affected by a recession. Specifically in many sales of products for individuals who are blind, the sale requires third party funding such as from governmental sources, insurance payments, or private contributions. The recession has impacted the ability to obtain such funding. The Company believes that the future profitability of its business may depend upon finding a solution to the current lack of third party funding.

The Company continues to explore expansion into new areas of business, not necessarily related to the fields of computer software or manufacturing of specialized electronics.

LIQUIDITY AND CAPITAL RESOURCES

The Company received in November 1990 the last of its quarterly installments related to the extended payment agreement with the major customer. The Company does not have an available line of credit.

The Company added in 1990 a new business segment and has committed to a product development effort to redesign and upgrade certain products for the blind and visually impaired. Such expenditures are expected to be funded from cash reserves. In addition, the Company expects to fund expenses associated with exploring new business areas from cash reserves. The Company has no other material commitments for capital expenditure at present.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

No material legal matters are pending.

Item 2. Changes in Securities

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

Not applicable.

Item 6. Exhibits and Reports on Form 8-K

A. Exhibits (listed by number corresponding to Item 601 in Regulation S-K)

Exhibit 11 - Computation of earnings per share for three months ended January 31, 1992 and 1991

B. No reports on Form 8-K were filed during this quarter.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: March 13, 1992

By: Kevin W Galbraith

Kevin W. Galbraith
President, Chairman,
(Chief Executive Officer and
Principal Financial Officer)

EXHIBIT INDEX

Item	Page	Exhibit
11	12	Statement Re: Computation of per share earnings

202 DATA SYSTEMS, INC
COMPUTATION OF EARNINGS PER SHARE
(Unaudited)

EXHIBIT 11

Primary earnings per share of Common Stock are computed by dividing the earnings applicable to Common Stock by the weighted average number of common and, when dilutive, common equivalent shares outstanding each year. Common equivalent shares are shares issuable upon the exercise of stock options and warrants. The number of common equivalent shares is determined by the treasury stock method.

	For the three Months ended January 31,	
	1992	1991
Common and common equivalent per share data:		
Primary and full diluted earnings per share:		
Net income for period	($4,428)	($25,682)
Weighted average number of shares	3,360,443	3,360,443
Primary earnings per share	($.00)	$.01

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SECURITIES AND EXCHANGE COMMISSION

Washington D. C. 20549

Form 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1992, Commission File No. 1-3871

B
92-624

CALIFORNIA-ENGELS MINING COMPANY

(Exact name of registrant as specified in its charter)

State of California (State or other jurisdiction of incorporation or organization)	94-0357560 (I.R.S. Employer Identification No)

117 Crescent Street
P. O. Box 778
Greenville, California 95947-0778
(Address of principal executive office) (Zip Code)

(916) 284-6191
(Registrant's telephone number including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes _X_ No ____

CLASS	OUTSTANDING AT MARCH 31, 1992
Capital Stock, par value, $ .25 per share	761,257.6 Shares

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PART I - FINANCIAL INFORMATION

The Registrant falls within the provision of Rule 13a-13(c) (3).

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 2. Changes in Securities.

None

Item 3. Defaults upon Senior Securities.

None

Item 4. Submission of Matters to a Vote of Security Holders.

None

Item 5. Other Information.

None

Item 6. Exhibits and Reports on Form 8-K.

None

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CALIFORNIA-ENGELS MINING COMPANY
Registrant

By Norman A. Lamb
Norman A. Lamb
President, Chief Financial &
Accounting Officer &
Director

April 9, 1992

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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(Mark one)
[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For quarterly period ended March 28, 1992

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8-35357

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

13/L7

For the transition period from.............. to ....
Commission File Number: 0-10345

C
92-224

CACHE, INC.
(Exact Name of registrant as specified in its Charter)

FLORIDA	59-1588181
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

1460 Broadway, New York, New York 10036
(Address of principal executive offices) (zip code)

212-840-4242
(Registrant's telephone number, including area code)

......
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

13-10

YES X NO ______

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APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each issuer's classes of common stock, as of the latest practicable date.

Common Stock, $.01	31,494,665
Class of Stock Outstanding	Outstanding at May 11, 1992

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CACHE, INC. AND SUBSIDIARIES
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CONSOLIDATED FINANCIAL STATEMENTS

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CACHE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

ASSETS	March 28, 1992	December 28, 1991
CURRENT ASSETS		
Cash	$ 305,000	$ 356,000
Receivables	977,000	1,125,000
Inventories	8,189,000	6,637,000
Prepaid Expenses and Other	166,000	183,000
Total Current Assets	9,637,000	8,301,000
Property, Equipment and Leasehold Improvements, at cost	14,768,000	13,940,000
Less Accumulated Depreciation and Amortization	(6,080,000)	(5,707,000)
	8,688,000	8,233,000
OTHER ASSETS	134,000	135,000
	$18,459,000	$16,669,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-Term Bank Debt	$ 167,000	$ 1,517,000
Short-Term Indebtedness to Related Party	220,000	220,000
Accounts Payable	4,065,000	3,711,000
Current Maturities of Capital Lease Obligations	75,000	73,000
Accrued Compensation	258,000	694,000
Accrued Liabilities	1,816,000	2,124,000
Total Current Liabilities	6,601,000	8,339,000
LONG-TERM BANK DEBT	3,977,000	69,000
SUBORDINATED INDEBTEDNESS TO RELATED PARTY	2,000,000	2,000,000
CAPITAL LEASE OBLIGATIONS	137,000	157,000
OTHER LIABILITIES	998,000	836,000
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred Stock, par value $.01; 7-1/2% Series A; authorized, 100,000 shares; issued and outstanding, 1,967 shares at March 28, 1992 and December 28, 1991	--	--
Common Stock, par value $.01; authorized, 40,000,000 shares; issued and outstanding 31,494,665 shares at March 28, 1992 and 31,369,665 shares at December 28, 1991	315,000	314,000
Additional Paid-in Capital	17,859,000	17,813,000
Accumulated Deficit	(13,428,000)	(12,859,000)
	4,746,000	5,268,000
	$18,459,000	$16,669,000

The accompanying notes to consolidated financial statements are an integral part of these balance sheets.

CACHE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
FOR THE THIRTEEN WEEKS ENDED

	March 28, 1992	March 30, 1991
Net Sales	$13,576,000	$11,410,000
Costs and Expenses		
Costs of Sales, including occupancy and buying costs	9,170,000	7,738,000
Selling, General and Administrative expenses	4,860,000	4,053,000
	14,030,000	11,791,000
Operating Loss	(454,000)	(381,000)
Interest Expense		
Related party	47,000	38,000
Other	68,000	70,000
	115,000	108,000
Loss Before Income Taxes	(569,000)	(489,000)
Income Tax Provision	--	--
Net Loss	($ 569,000)	($ 489,000)
Net Loss Per Share	($ .02)	($ .02)

The accompanying notes to consolidated financial statements are an integral part of these statements.

CACHE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
FOR THE THIRTEEN WEEKS ENDED

	March 28, 1992	March 30, 1991
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net Loss	($ 569,000)	($ 489,000)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	374,000	393,000
Accrual of future rent escalations	75,000	61,000
	(120,000)	(35,000)
Change in assets and liabilities:		
(Increase) Decrease in receivables	148,000	(12,000)
(Increase) Decrease in inventories	(1,552,000)	(1,328,000)
(Increase) Decrease in prepaid expenses	17,000	50,000
Increase (Decrease) in accounts payable	354,000	562,000
Increase (Decrease) in accrued liabilities and accrued compensation	(744,000)	(421,000)
Total changes in assets and liabilities	(1,777,000)	(1,149,000)
Net cash used in operating activities	(1,897,000)	(1,184,000)
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Payments for property and equipment	(828,000)	(312,000)
Net cash used in investing activities	(828,000)	(312,000)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Principal payments under capital lease obligations	(18,000)	(18,000)
Proceeds (repayment) of long-term bank debt	3,908,000	(42,000)
Proceeds (repayment) of short-term bank debt	(1,350,000)	1,525,000
Proceeds from issuance of common stock	47,000	--
Other, net	87,000	(2,000)
Net cash provided by financing activities	2,674,000	1,463,000
Net increase (decrease) in cash	(51,000)	(33,000)
Cash at beginning of period	356,000	383,000
Cash at end of period	$ 305,000	$ 350,000

The accompanying notes to consolidated financial statements are an integral part of these statements.

CACHE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

In the opinion of the Company, the accompanying consolidated financial statements include all adjustments necessary, which are considered normal and recurring to present fairly the financial position of the Company at March 28, 1992 and December 28, 1991, and the results of operations for the thirteen week periods ended March 28, 1992 and March 30, 1991 and consolidated statements of cash flows for the thirteen weeks then ended.

Certain financial information which is normally included in financial statements prepared in accordance with generally accepted accounting principles, but which is not required for interim reporting purposes, has been condensed or omitted. The accompanying consolidated financial statements should be read in conjunction with the Financial Statements and notes thereto included in the Company's latest annual report on Form 10-K for the fiscal year ended December 28, 1991.

2. NET INCOME OR LOSS PER SHARE

Net income or loss per share has been computed based on the weighted average number of shares of common stock outstanding for the thirteen weeks ended March 28, 1992 and March 30, 1991.

The approximate number of shares used in the computations of income per common share were 31,393,000 and 30,845,000 for the thirteen week periods ended March 28, 1992 and March 30, 1991, respectively. In 1992 and 1991 common stock equivalents arising from stock options and warrants, computed utilizing the treasury stock method of accounting, were not used due to their antidilutive effect.

3. OTHER ASSETS

	March 28, 1992	December 28, 1991
Trademark	$111,000	$111,000
Less: accumulated amortization of Trademark	(48,000)	(47,000)
	63,000	64,000
Deposits	71,000	71,000
	$134,000	$135,000

4. ACCRUED LIABILITIES

	March 28, 1992	December 28, 1991
Operating Expenses	$ 928,000	$ 942,000
Taxes	371,000	446,000
Leasehold Additio.	170,000	380,000
Other	347,000	356,000
	$1,816,000	$2,124,000

5. BANK DEBT

On February 1, 1992, the Company reached an agreement with its bank for the terms of a $4,750,000 revolving line of credit (the "Revolving Credit Facility") replacing the $2,750,000 line of credit which expired on January 31, 1992. The new $4,750,000 long-term line of credit will run through January 31, 1994 and amounts outstanding thereunder will bear interest at the per annum rate of 1.25% above the bank's prime rate. The Company granted the bank a security interest in its inventory and certain accounts receivable to secure its obligation under the Revolving Credit Facility, which contains selected financial and other covenants including covenants to maintain a minimum current ratio and minimum working capital, a maximum debt to equity and total equity ratio, a maximum capital expenditure covenant, a minimum earnings to bank interest coverage ratio and certain restrictions on the repayment of principal amounts due to related parties. The outstanding balances on the lines of credit at March 28, 1992 and December 28, 1991 were $3,950,000 and $1,350,000, respectively.

In May of 1990, the Company received a three year unsecured $500,000 term loan from a bank. Repayment of principal and interest are made monthly. The current portion of the term loan was $167,000 at March 28, 1992 and December 28, 1991. The term loan bears interest at the rate of 1.25% per annum above the bank's prime rate.

6. INDEBTEDNESS TO RELATED PARTY

As of March 28, 1992 and December 28, 1991 the Company had outstanding, (i) a $220,000 short-term loan from a major stockholder bearing interest at the rate of 7-1/2% per year; (ii) a $250,000 long-term loan from the same stockholder bearing interest at the rate of 7-1/2% per year with principal due upon demand at any time after January 1, 1994; and (iii) a $1,750,000 loan made by the same stockholder bearing interest payable quarterly at the rate of 8-1/2% per year with principal due upon demand at any time after January 1, 1994.

7. INCOME TAXES

No benefit for income taxes was provided in the consolidated financial statements because realization of such income tax benefit was not reasonably assured.

8. CONTINGENCIES

The Company is exposed to a number of asserted and unasserted potential claims. In the opinion of management the resolution of these matters is not presently expected to have a material adverse effect upon the Company's financial position.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

During the thirteen weeks ended March 28, 1992, the Company utilized its existing bank credit facilities by increased bank borrowings ($2,558,000) to finance existing operations, and its expansion of nine new stores which opened in March and April. Cash used by operations was $1,897,000 versus $1,184,000, in 1992 and 1991 respectively. This need for additional borrowing is primarily due to the increase in inventories during 1992 for new stores and for repayment of accrued expenses at December 28, 1991. At March 28, 1992 the Company had 79 stores in operation, 13 additional stores or a 9.20% increase from March 30, 1991 when the Company had 66 stores in operation. The expansion required increases in inventory ($1,552,000) which was partially funded by an increase in accounts payable of $354,000.

The Company plans to open a total of approximately sixteen new stores during 1992. Nine new stores have opened prior to May, while the remaining stores are expected to be opened during the balance of 1992. After deducting construction allowances paid to the Company by its landlords, the Company has spent $828,000 thru March 28, 1992 and expects to spend an additional $1,500,000 in 1992 for both new store and existing store construction and remodeling. The Company anticipates that it will finance new store construction in 1992 primarily by cash flow from operations.

The Company believes that given the sources of credit discussed above, its financial resources will be sufficient to meet anticipated requirements.

RESULTS OF OPERATIONS

The Company's results of operations for the thirteen weeks ended March 28, 1992 declined as compared to the same period in 1991. The increase in sales and related increases in gross profits did not offset the increase in operating expenses and interest expense.

Certain financial data concerning the Company's results of operations for the thirteen weeks ended March 28, 1992 and March 30, 1991 expressed as a percentage of net sales, are as follows:

	Thirteen Weeks Ended	
	March 28, 1992	March 30, 1991
Sales	100.0%	100.0%
Cost of Sales, including occupancy and buying expenses	67.5%	67.8%
Selling, general and administrative expenses	35.8%	35.5%
Operating Income (Loss)	(3.3%)	(3.3%)
Interest Expense	.8%	.9%
Net Income (Loss)	(4.2%)	(4.3%)

Sales

Net sales increased $2,166,000 or 19.0%, during the thirteen week period ended March 28, 1992 versus the comparable period in 1991. The increase was due to the greater number of stores open during the 1992 period and increases in sales at existing stores during 1992.

Historically, sales at new stores do not achieve the same levels as existing, established stores. New stores generally begin to perform as well as existing stores during their second and third year of operation. Sales on a weighted average basis for the thirteen week periods ended March 28, 1992 and March 30, 1991 were as follows:

	Thirteen Weeks Ended	
	March 28, 1992	March 30, 1991
Sales	$13,576,000	$11,410,000
Store Operating Months	232	198
Weighted Average Stores Open During Period	77.3	66.0
Net Sales Per Weighted Average Number of Stores	$ 176,000	$ 173,000
Net Weighted Average Sales per Square Foot	$ 88.59	$ 86.56
Stores Open at End of Period	79	66

Costs and expenses

Cost of sales, including occupancy and buying costs, increased $1,432,000 or 18.5% for the thirteen weeks ended March 28, 1992 versus the similar 1991 period. The increase was primarily due to the increase in sales and the related cost of the merchandise for those sales, and a $250,000 increase in occupancy expenses primarily due to the additional stores in operation during 1992 versus 1991. As a percentage of sales, cost of sales, including occupancy and buying expenses, decreased .3% (67.5% versus 67.8%) for the thirteen weeks ended March 28, 1992 versus the comparable period in 1991. The decrease was primarily due to lower occupancy expenses as a percentage of sales, and was partially offset by higher markdowns as a percent of sales, as well as lower initial markups.

Selling, general and administrative expenses

Selling, general and administrative expenses increased $807,000 or 19.9% during the thirteen weeks ended March 28, 1992 versus the comparable period in 1991. The increase was primarily due to the greater number of stores open in 1992 (13 more than Fiscal 1991), and is reflected in greater payroll and payroll taxes ($514,000), advertising ($101,000), travel ($59,000), insurance ($33,000), credit card processing fees ($53,000) and other variable volume related expenses. As a percentage of sales these expenses decreased .3% (35.8% versus 35.5%) for the thirteen weeks ended March 28, 1992 versus the similar 1991 period. The decrease was due primarily to the relatively fixed nature of most general and administrative expenses.

Interest expense

Interest expense increased $7,000 (6.5%) for the thirteen week period ended March 28, 1992 versus the comparable period in 1991 primarily due to higher average borrowing levels in 1992. Increased interest expense was partially offset by a reduction in the bank's prime interest rate in Fiscal 1992 as compared to Fiscal 1991.

PART II - OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

NONE

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

NONE

(b) Reports on Form 8-K

Form 8-K Amendment to Annual Report on Form 10-K dated March 28, 1992 was filed with the Commission on April 24, 1992. Such amendment amended items 10, 11, 12, 13 and 14 previously filed as part of the Annual Report on Form 10-K for the fiscal year ended December 28, 1991.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CACHE, INC.
(Registrant)

May 11, 1992

BY: Roy C Chapman
Roy C. Chapman
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

BY:
Thomas E. Reinckens
Vice President and
Chief Financial Officer
(Principal Financial and
Principal Accounting Officer)

EXHIBIT 11.1
CALCULATION OF PRIMARY AND FULLY DILUTED EARNINGS PER COMMON SHARE

(In thousands except per share data)

	THIRTEEN WEEKS ENDED	
	MARCH 28, 1992	MARCH 30, 1991
EARNINGS		
Net Income (Loss) Applicable to Common Stockholders	($ 606,000)	($ 526,000)
PRIMARY SHARES		
Weighted Average Number of Common Shares Outstanding	31,393,000	30,845,000
Assuming Conversion of Outstanding Stock Options and Stock Warrants	--	--
Less Assumed Repurchase of Common Stock Pursuant to the Treasury Stock Method	(--)	(--)
Weighted Average Number of Common Shares Outstanding As Adjusted	31,393,000	30,845,000
Primary Earnings Per Share	($ .02)	($ .02)
FULLY DILUTED EARNINGS PER SHARE		
Weighted Average Number of Common Shares Outstanding	31,393,000	30,845,000
Assuming Conversion of Outstanding Stock Options and Stock Warrants	--	--
Less Assumed Repurchase of Common Stock Pursuant to the Treasury Stock Method	(--)	(--)
Weighted Average Number of Common Shares Outstanding As Adjusted	31,393,000	30,845,000
Fully Diluted Earnings Per Share	($ .02)	($ .02)

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 29, 1992, or

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ____________ to ____________

Commission file number 0-17743

Comptronix Corporation
(Exact name of registrant as specified in its charter)

Delaware	63-0860282
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P.O. Box 1800, Guntersville, AL	35976
(Address of principal executive offices)	(Zip Code)

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Q-Data Corp. - St. Petersburg, FL

Registrant's telephone number, including area code 205/582-1800

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N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

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APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes ____ No ____

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

10,971,685 as of March 29, 1992

PART I. FINANCIAL INFORMATION

ITEM I. CONDENSED FINANCIAL STATEMENTS

COMPTRONIX CORPORATION

BALANCE SHEETS
(Unaudited)

	March 29, 1992	December 31, 1991
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 745,568	$ 1,045,330
Accounts receivable	18,276,065	12,624,637
Inventories	31,632,231	28,531,792
Other current assets	220,623	279,812
TOTAL CURRENT ASSETS	50,874,487	42,481,571
PROPERTY PLANT AND EQUIPMENT (Less accumulated depreciation and amortization of $18,992,281 at March 29, 1992 and $16,436,226 at December 31, 1991)	41,689,752	38,719,585
OTHER ASSETS	3,236	3,237
TOTAL	$ 92,567,475	$81,204,393

See notes to financial statements.

COMPTRONIX CORPORATION

CONDENSED BALANCE SHEETS
(Unaudited)

	March 29, 1992	December 31, 1991
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long term debt	$ 766,173	$ 753,430
Accounts Payable	6,144,346	8,530,726
Accrued payroll and related expenses	1,501,383	1,468,490
Other payables and accruals	1,426,497	979,325
TOTAL CURRENT LIABILITIES	9,838,399	11,731,971
DEFERRED INCOME TAXES	586,547	586,547
CONVERTIBLE SUBORDINATED DEBENTURES	33,275,000	-0-
OTHER LONG TERM DEBT	7,518,099	29,209,584
STOCKHOLDERS' EQUITY		
Common Stock, par value $.01 a share; Authorized 50,000,000 shares; issued 10,971,685 shares at March 29, 1992 and 10,676,786 at December 31, 1991	109,717	106,768
Additional paid in capital	29,594,731	29,274,810
Retained earnings	11,644,982	10,294,713
TOTAL STOCKHOLDERS' EQUITY	41,349,430	39,676,291
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$92,567,475	$81,204,393

See notes to financial statements.

COMPTRONIX CORPORATION

Condensed Statements of Earnings

(UNAUDITED)

	THIRTEEN WEEKS ENDED	
	March 29, 1992	March 31, 1991
NET SALES	$ 28,088,259	$ 20,683,428
COST OF SALES	23,705,703	17,704,401
GROSS PROFIT	4,382,556	2,979,027
MARKETING, GENERAL AND ADMINISTRATIVE EXPENSE	1,474,934	1,213,711
INTEREST EXPENSE - NET	626,801	631,083
OTHER EXPENSE	30,354	18,087
	2,132,089	1,862,881
INCOME BEFORE INCOME TAXES	2,250,467	1,116,146
INCOME TAXES	900,187	446,459
NET INCOME	$ 1,350,280	$ 669,687
EARNINGS PER SHARE	$ .12	$ .08
WEIGHTED AVERAGE SHARES	11,221,000	8,744,000

See notes to financial statements.

COMPTRONIX CORPORATION
CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	THIRTEEN-WEEKS ENDED	
	MARCH 29, 1992	MARCH 31, 1991
Net income	$ 1,350,279	$ 669,687
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,556,055	1,553,690
(Increase) decrease in accounts receivable	(5,651,428)	(2,693,359)
(Increase) decrease in inventories	(3,100,439)	(6,069,349)
(Increase) decrease in other assets	59,191	(35,007)
Increase (decrease) in accounts payable	(2,386,380)	5,157,688
Increase (decrease) in accrued payroll and related expenses	32,893	(95,579)
Increase (decrease) in other payables and accruals	447,172	(422,359)
Net cash used in operating activities	(6,692,657)	(1,934,588)
Cash flows from investing activities:		
Purchase of marketable securities		-0-
Capital expenditures	(5,526,221)	(444,187)
Decrease in unexpended equipment funds	-0-	-0-
Net cash used in investing activities	(5,526,221)	(444,198)
Cash flows from financing activities:		
Proceeds from issuance of notes payable to banks	-0-	-0-
Principal payments on notes payable to banks		-0-
Proceeds from issuance of long-term debt-net	33,281,524	4,200,000
Principal payments on long-term debt	(21,685,266)	(2,047,652)
Proceeds from issuance of Common Stock	322,858	20,400
Net cash provided by financing activities	11,919,116	2,172,748
Net increase (decrease) in cash and cash equivalents	(299,762)	(206,027;
Cash and cash equivalents at beginning of period	1,045,330	268,187
Cash and cash equivalents end of period	$ 745,568	$ 62,160

NOTES TO CONDENSED FINANCIAL STATEMENTS
March 29, 1992
(Unaudited)

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements have been prepared in accordance with instructions to Form 10-Q and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The statements (and all other information in this report) have not been examined by independent accountants, but in the opinion of the Company, all adjustments, which consisted of only normal recurring accruals, necessary for a fair presentation of the results for the period have been made. The results of operations for the period ended March 29, 1992 are not necessarily indicative of the results of operations for the year ending December 31, 1992.

NOTE B - INCOME TAXES

Income tax expense differs from amounts currently payable as certain revenues and expenses are reported in the income statement in periods which differ from those in which they are subject to taxation.

NOTE C - CHANGES IN AMOUNT OUTSTANDING OF SECURITIES OR INDEBTEDNESS

On May 17, 1992, the Company issued a $34,500,000 principal amount of 6 3/4% Convertible Subordinated Debentures due 2002. The net proceeds from the sale of the debentures was used to pay outstanding debt under the company's revolving line of credit and equipment line of credit.

ITEM II.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

Net sales for the quarter ended March 29, 1992, were $28.1 million, 36% above the $20.7 million reported for the comparable period in 1991. The increase over the 1991 period was attributable primarily to shipments to new customers, reflecting the success of the Company's continuing efforts to market services to a diverse group of OEMs in a broad range of industries.

Gross profit as a percentage of sales increased to 15.6% from 14.4% in the comparable period in 1991. The increase in gross profit margin is attributable to better absorption of indirect expenses due to increased volume and higher profit margin realized on certain business with new customers.

Marketing, general and administrative expense in the first quarter declined to 5.2% of sales as compared with 5.9% of sales in 1991 although this expense increased from $1.2 million in 1991 to $1.5 million in 1992 due to the company's continued growth. Interest expense in 1992 was approximately the same as 1991 interest expense. This expense declined as a percentage of sales from 3.0% in 1991 to 2.2% in 1992.

CAPITAL RESOURCES AND LIQUIDITY

At March 29, 1992 the Company had net working capital of $41.0 million, compared with $30.7 million at December 31, 1991. The ratio of current assets to current liabilities was 5.1 to 1.0 at March 29, 1992, compared to 3.6 to 1.0 at December 31, 1991. At March 29, 1992, the Company had a line of credit with four banks which provides for up to $20 million of borrowings. Borrowings under the line of credit are limited to the lesser of $20 million or 90% of eligible receivables plus 50% of raw materials inventory as defined in the line of credit agreement. At March 29, 1992 the Company had no borrowings outstanding under its line of credit and $20.0 million was available for borrowing.

The Company has available a $30.0 million revolving equipment line of credit bearing interest at an adjustable rate equal to the banks prime lending rate plus ½% which is collateralized by certain capital equipment. At March 29, 1992 the Company had no borrowings outstanding under the equipment line of credit and $30.0 million was available for borrowing. Each line of credit agreement includes certain financial covenants and restricts the ability of the Company to incur additional debt without the consent of the banks. The Company is presently in compliance with the financial covenants contained in each of the lines of credit agreement.

On March 17, 1992, the Company issued a $34,500,000 principal amount of 6 3/4% Convertible Subordinated Debentures due 2002. The net proceeds from the sale of the debentures was used to pay outstanding debt under the company's revolving line of credit and equipment line of credit.

The Company expects to spend approximately $20 million in 1992 for capital equipment and leasehold improvements in its Guntersville, San Jose and Colorado Springs facilities. The Company anticipates that during 1992 higher levels of working capital will be needed to fund the increased level of inventories and accounts receivable necessary to support growth in sales. There can be no assurance, however, that such growth will be achieved. In addition, the Company may require additional capital to finance future developments, acquisitions or expansion of facilities in accordance with its business strategy. On April 14, 1992 the Company entered into an agreement to purchase the assets associated with the printed circuit card assembly operations of Exicom Technologies, Inc. The purchase price of the acquired assets is expected to approximate their book value and will be financed with cash on hand and borrowings under the Company's line of credit. This transaction is expected to be consummated by June 1, 1992.

PART II. OTHER INFORMATION

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits
None.

(b) Reports
No reports on Form 8-K were filed by the Company during the period January 1, 1992 to March 29, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPTRONIX CORPORATION
(REGISTRANT)

DATE: MAY 12, 1992

BY: Will Hebding
WILLIAM J. HEBDING
CHAIRMAN OF THE BOARD
AND CHIEF EXECUTIVE OFFICER

DATE: MAY 12, 1992

BY: Paul Medlin
J. PAUL MEDLIN
CHIEF ACCOUNTING
OFFICER/TREASURER

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 28, 1992 Commission file number 0-19879

E
92-22466

CytoRad Incorporated
(Exact name of Registrant as specified in its charter)

Delaware	**22-3140778**
(State or other jurisdiction of Incorporation or Organization)	(I.R.S. Employer's Identification Number)

600 College Road East, CN 5308, Princeton, NJ 08540-5308
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (609) 987-8270.
Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act:

Callable Common Stock, $.01 par value*
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes X No__.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding at March 28, 1992
Callable Common Stock, $.01 par value	4,025,000

* The Callable Common Stock is registered pursuant to Section 12 of the Securities Exchange Act of 1934 as part of Units, each Unit consisting of one share of the Callable Common Stock of CytoRad Incorporated and one Warrant to purchase one share of the Common Stock of Cytogen Corporation.

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MAY 14 1992

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PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

INTRODUCTORY NOTES TO FINANCIAL STATEMENTS

The accompanying financial statements have been prepared by the Registrant, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of the Registrant, these financial statements contain all adjustments necessary to present fairly the financial position of CytoRad Incorporated as of March 28, 1992 and December 28, 1991, the results of operations for the thirteen week period ended March 28, 1992, and the cash flows for the thirteen week period ended March 28, 1992. Because the registrant was incorporated on December 2, 1991 and has not commenced operations as of December 28, 1991, the results of operations and cash flows for the prior year are not presented.

The results of operations for the period ended March 28, 1992 is not necessarily indicative of the operating results for the full year.

This report includes 11 pages, including the cover page and signature page.

CYTORAD INCORPORATED
BALANCE SHEET
(Unaudited)

ASSETS	March 28, 1992	December 28, 1991
Current Assets:		
Cash and cash equivalents	$11,389,150	$ 100
Short term investments	22,800,479	-
Accrued interest receivable	384,373	-
Other current assets	-	147,625
Total current assets	34,574,002	147,725
	$34,574,002	$147,725

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 28, 1992	December 28, 1991
Current Liabilities:		
Due to Cytogen Corporation	$1,725,191	$147,625
Accrued liabilities	230,249	-
Total current liabilities	1,955,440	147,625
Long Term Debt	100	-
Stockholders' Equity:		
Callable Common stock, $.01 par value, 4,025,000 shares authorized, 4,025,000 and 100 shares issued and outstanding in 1992 and 1991, respectively	40,250	1
Additional paid-in capital	36,592,250	99
Accumulated deficit	(4,014,038)	-
Total stockholders' equity	32,618,462	100
	$34,574,002	$ 147,725

The accompanying notes are an integral part of this statement.

CYTORAD INCORPORATED
STATEMENT OF OPERATIONS
(Unaudited)

	Thirteen Weeks Ended March 28, 1992
INTEREST INCOME	$ 141,449
OPERATING EXPENSES:	
Research and development	4,114,640
General and administrative	40,847
	4,155,487
Net Loss	$ (4,014,038)
Net Loss Per Share	$ (2.61)
Weighted Average Common Shares Outstanding	1,538,521

The accompanying notes are an integral part of this statement.

CYTORAD INCORPORATED
STATEMENT OF CASH FLOWS
(Unaudited)

	Thirteen Weeks Ended March 28, 1992
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Loss	$(4,014,038)
Adjustments to Reconcile Net Loss to Cash Used for Operating Activities:	
Changes in Assets and Liabilities:	
Accrued interest receivable	(384,373)
Other current assets	147,625
Accounts payable and accrued liabilities	1,807,815
Total adjustments	1,571,067
Net cash used for operating activities	(2,442,971)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Increase in Short Term Investments	(22,800,479)
Net cash used for investing activities	(22,800,479)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Long Term Debt	100
Repurchase of Common Stock	(100)
Proceeds from Issuance of Callable Common Stock	36,632,500
Net cash provided by financing activities	36,632,500
Net Increase in Cash and Cash Equivalents	11,389,050
Cash and Cash Equivalents, Beginning of Period	100
Cash and Cash Equivalents, End of Period	$11,389,150

The accompanying notes are an integral part of this statement.

CYTORAD INCORPORATED
NOTES TO FINANCIAL STATEMENTS

(Information as of March 28, 1992 and for the thirteen week period ended March 28, 1992 is unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Business

CytoRad Incorporated (the "Company") was incorporated on December 2, 1991 in the State of Delaware and is engaged in the research and product development of proprietary antibody-based products for diagnosis and treatment of prostate and bladder cancers. There is no assurance that any products will be successfully developed from this effort or that, if developed, the commercialization of any products which will require substantial additional funds will be successful or will result in a profitable level of operations for the Company.

As of December 28, 1991, the Company had not yet commenced operations, and its only activity had been certain pre-public offering activity. In February and March 1992, the Company and Cytogen Corporation ("Cytogen") completed a public offering of 4,025,000 units, each unit consisting of one share of the Company's callable common stock and one warrant to purchase one share of Cytogen's common stock. The Company has received all of the approximate $37.4 million net proceeds of the offering and is obligated to pay Cytogen substantially all such net proceeds. Since the majority of the Company's activities are conducted under contract with Cytogen, the Company does not maintain space or occupy facilities.

Certain officers and directors of the Company are also officers and directors of Cytogen. As of March 28, 1992, the Company owed Cytogen $569,751 for registration and legal fees associated with the public offering.

Fiscal Year

The Company operates on a 52-53 week fiscal year ending on the Saturday nearest to December 31.

Short Term Investments

Short term investments are stated at cost, which approximate market value, and consist primarily of corporate medium term notes.

Statement of Cash Flows

The Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Revenue Recognition

To date, the Company's only source of revenue is interest earned on its cash and short term investments. Interest income is recognized when earned.

Research and Development

Research and development expenditures consist of payments made to Cytogen to conduct research and product development of proprietary antibody-based products pursuant to the Development Agreement, described below, for the diagnosis and treatment of prostate and bladder cancers (the "Products"), as well as a one-time payment to license such technology. All research and development costs are expenses as incurred. As of March 28, 1992, the Company recorded $4.1 million in research and development expense which included a one-time $3.0 million non-refundable licensing fee.

2. AGREEMENTS AND RELATIONSHIPS WITH CYTOGEN CORPORATION

In connection with the closing of the public offering, the Company and Cytogen entered into various agreements described below.

Technology License Agreement

Under a technology license agreement, Cytogen granted to the Company a license to all of Cytogen's antibody-based patent and proprietary technology rights and know-how to develop and, subject to existing licensing arrangements of Cytogen, to commercialize the Products for the indicated applications. Under this agreement, the Company made an initial non-refundable payment of $3.0 million to Cytogen in February 1992.

Development Agreement

The Products will be developed pursuant to a research and development agreement under which Cytogen will use funds provided by the Company to conduct research and development relating to the Products. Under the development agreement, Cytogen will be compensated on a fully burdened cost reimbursement basis plus a 10% management fee, in which, over the term of the agreement, will consume substantially all of the net proceeds of the public offering. The development agreement will automatically terminate upon the earlier of (i) the later of (a) payment to Cytogen of all funds available for research and development under the development agreement or (b) the 90th day after the Company provides Cytogen with a financial statement of the Company showing cash on hand of less than $2 million, or (ii) expiration or termination of Cytogen's stock purchase option described below, which may be terminated by either party in certain events.

License Option Agreement

The Company has granted Cytogen a license option to acquire from the Company licenses to commercialize each of the Products. The license option is exercisable with respect to a Product at any time following filing with the FDA of the application seeking approval to market that Product and remains exercisable until 90 days after approval to market the Product has been received from the FDA, but in no event after the earlier of (i) 90 days after the termination of the development agreement and (ii) termination of the stock purchase option described below.

Under the license option agreement, if Cytogen does not exercise its license option with respect to either or both the therapy Products, then the Company may in certain circumstances cause Cytogen to manufacture and market such Product or Products.

Stock Purchase Option

The Company's callable common stock is subject to a purchase option granted to Cytogen pursuant to an agreement under which Cytogen may purchase all (but not less than all) of the shares of the Company's common stock from the holders of the stock at a fixed option price which will increase periodically. The stock purchase option is exercisable at any time until the earlier of (i) January 31, 1997 or (ii) the 90th day after the Company provides Cytogen with quarterly financial statements of the Company showing cash on hand of less than $2 million, although Cytogen may at its election extend the period by providing additional funding for the product development program (but in no event beyond January 31, 1997). The stock purchase option may terminate earlier in certain circumstances. The stock purchase option exercise price may be paid in cash, in shares of Cytogen's common stock, or in any combination thereof, at Cytogen's discretion, generally within 60 days after exercise of the stock purchase option.

Under its certificate of incorporation and a promissory note from the Company to Cytogen, the Company and its stockholders are prohibited from taking any action or permitting any action to be taken that is inconsistent with the rights of Cytogen under the stock purchase option agreement. The Company is prohibited from issuing additional capital stock, borrowing more than $1 million in the aggregate, declaring or paying dividends, or merging, liquidating or selling substantially all of its assets, without the approval of Cytogen.

Administrative Services

Under a services agreement, Cytogen provides certain services to the Company, including financial, legal, investor communications and other administrative services. Cytogen receives reimbursement for its fully burdened costs of providing such services.

At any time prior to January 31, 1997, Cytogen may elect to exercise its stock purchase option to purchase all, but not less than all, of the outstanding shares of the Company's common stock. The purchase option is structured to induce Cytogen to exercise its option no later than January 31, 1995 at a price of $19.50 per share. If Cytogen exercises the option after January 31, 1995, the share price increases 35% to $26.40 per share through January 31, 1996 and 41% more to $37.10 per share through January 31, 1997.

There can be no assurance that Cytogen will elect to exercise any of its license or stock purchase options.

PART II - OTHER INFORMATION

Item 4 - Submission of Matters to the Vote of Security Holders

None

Item 5 - None

Item 6 - Exhibits and reports in Form 8-K

a. None

b. No reports on Form 8-K have been filed during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CYTORAD INCORPORATED

Date May 11, 1992

Joseph M. Paiva
Authorized Officer,
Treasurer and Chief Financial and
Accounting Officer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the quarterly Period Ended March 31, 1992 or

F
92-2246

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the transition period from ________________ to ________________.

Commission file number 33-19735-A

GOLDEN ISLES FINANCIAL HOLDINGS, INC.
(Exact name of Registrant as specified in its charter)

Georgia
(State or other jurisdiction of incorporation or organization)

58-1756713
(I.R.S. Employer Identification Number)

2812 Cypress Mill Road, Brunswick, Georgia 31520
(Address of principal executive offices) (Zip code)

____
(Former name, former address and former fiscal year, if changed since last report)

Registrant's telephone number, including area code: (912) 267-9500

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

X Yes ___ No

The number of shares outstanding of Registrant's common stock, par value $1.00 per share, as of March 31, 1992, was 1,058,849 shares.

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GOLDEN ISLES FINANCIAL HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

		MARCH 31, 1992		DECEMBER 31, 1991
ASSETS				
Cash and due from banks		$ 1,322,131		$ 836,520
Interest-bearing deposits in other banks		97,000		279,720
Federal funds sold and securities purchased under agreements to resell		1,820,000		1,909,000
Investment securities (market value of $3,114,058 as of March 31, 1992 and a market value of $1,565,499 as of December 31, 1991)		3,103,315		1,526,162
Loans:				
Total loans	21,833,037		20,341,259	
Unearned income	1,574		2,207	
Allowance for loan losses	248,133		228,379	
Net loans		21,583,330		20,110,673
Premises and equipment, net		1,117,263		1,125,007
Accrued income receivable		226,731		221,607
Organizational costs, net		58,742		69,589
Other assets		100,372		27,787
TOTAL ASSETS		$ 29,428,884		$ 26,106,065
LIABILITIES AND STOCKHOLDERS' EQUITY				
DEPOSITS:				
Non-interest-bearing demand		2,456,001		2,544,603
Interest-bearing demand		1,372,201		1,387,202
Regular savings		486,777		333,997
Money market accounts		5,468,823		3,781,880
Time deposits of under $100,000		10,101,194		9,604,056
Time deposits of $100,000 and over		4,819,817		3,809,998
Total deposits		24,704,813		21,461,736
Accounts payable and accrued expenses		176,764		125,308
Total Liabilities		24,881,577		21,587,044
STOCKHOLDERS' EQUITY				
Common stock,$1 par value Authorized 5,000,000 shares Issued and outstanding 1992 and 1991 - 1,058,849 shares		1,058,849		1,058,849
Surplus, net		4,205,446		4,205,446
Retained earnings (loss)		(716,988)		(745,274)
Total Stockholders'equity		4,547,307		4,519,021
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$ 29,428,884		$ 26,106,065

GOLDEN ISLES FINANCIAL HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	FOR THE THREE MONTHS ENDED MARCH 31,	
	1992	1991
	UNAUDITED	UNAUDITED
INTEREST AND FEE INCOME:		
Interest and fees on loans	$ 520,172	$ 275,978
Interest on investment securities	38,956	17,407
Interest on deposits in other banks	1,167	0
Interest on fed funds sold & Securities under repurchase agreements	13,798	22,798
Other interest income		3,834
Total interest and fee income	574,093	320,017
INTEREST EXPENSE:		
Interest on deposits	284,311	138,268
Total interest expense	284,311	138,268
NET INTEREST INCOME	289,782	181,749
PROVISION FOR LOAN LOSSES	20,764	34,491
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	269,018	147,258
NON-INTEREST INCOME:		
Service charges on deposit accounts	42,931	14,730
Other	5,133	4,502
Total non-interest income	48,064	19,232
NON-INTEREST EXPENSE:		
Salaries and wages	132,294	109,011
Occupancy expenses	59,645	56,865
Amortization of organizational expenses	10,846	10,908
Other	86,011	66,079
Total non-interest expense	288,796	242,863
INCOME (LOSS) BEFORE INCOME TAXES	28,286	(76,373)
INCOME TAX EXPENSE	0	0
NET INCOME (LOSS)	$ 28,286	$ (76,373)
EARNINGS (LOSS) PER SHARE		
Primary	$ 0.03	$ (0.07)
Fully diluted	$ 0.02	
AVERAGE SHARES OUTSTANDING		
Primary	1,058,849	1,058,849
Fully diluted	1,287,509	

The accompanying notes are an integral part of these financial statements.

GOLDEN ISLES FINANCIAL HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	COMMON STOCK			RETAINED EARNINGS	
	SHARES	AMOUNT	SURPLUS	(LOSS)	TOTAL
BALANCE, DECEMBER 31, 1990	1,058,849	$ 1,058,849	$ 4,205,446	$ (604,604)	$ 4,659,691
Net income (loss) for 1991				(140,670)	(140,670)
BALANCE, DECEMBER 31, 1991	1,058,849	1,058,849	4,205,446	(745,274)	4,519,021
Net income for the three months ended March 31, 1992				28,286	28,286
BALANCE, MARCH 31, 1992	1,058,849	$ 1,058,849	$ 4,205,446	$ (716,988)	$ 4,547,307

The accompanying notes are an integral part of these financial statements.

GOLDEN ISLES FINANCIAL HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOW

	THREE MONTHS ENDED MARCH 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash provided by (used in) operating activities	$ 47,132	$ (56,232)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash (used in) investing activities	(2,893,598)	(4,661,455)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash provided by financing activities	3,243,077	2,580,388
Increase (decrease) in cash and due from banks	396,611	(2,137,299)
CASH AND DUE FROM BANKS		
Beginning	2,745,520	3,362,653
Ending	$ 3,142,131	$ 1,225,354
RECONCILIATION OF NET EARNINGS (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net income (loss)	$ 28,286	$ (76,373)
Non-cash expenses included in net income:		
Loan loss provision	20,764	36,478
Depreciation	13,487	12,482
Amortization	10,846	10,908
Change in assets and liabilities:		
(Increase) in accrued interest receivable	(5,124)	(55,439)
(Increase) decrease in other assets	(72,583)	(3,789)
Increase in accrued interest payable and other liabilities	51,456	19,501
Net cash provided by (used in) operating activities	$ 47,132	$ (56,232)

GOLDEN ISLES FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1992 and 1991

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Company was incorporated as Golden Isles Financial Holdings, Inc. on September 8, 1987, for the purpose of becoming a registered bank holding company. The Company obtained approvals from the Federal Deposit Insurance Corporation and from The State of Georgia, Department of Banking and Finance, to establish a subsidiary bank which operates in Brunswick, Georgia.

The subsidiary, The First Bank of Brunswick, was incorporated on March 23, 1989, and began operations on July 2, 1990.

B. Banking activities

The First Bank of Brunswick grants commercial, consumer and mortgage loans to residents and businesses located in Glynn County, Georgia. Most of the loans granted by The First Bank of Brunswick are collateralized by assets owned by the related borrowers. However, the Bank anticipates that loans will generally be repaid through cash flow generated by business borrowers and personal earnings of individual borrowers. In some instances, such as loans to finance business receivables or inventory, the Bank anticipates repayment from the conversion of short term business assets to cash. Collateral requirements and repayment terms are determined by the Loan Officer responsible for each credit, as well as a committee comprised of selected members of the Board of Directors for borrowing relationships which exceed $50,000.

C. Presentation of cash flows

For purposes of reporting changes in the Company's cash position, cash and due from banks includes cash on hand and amounts on deposit with correspondent banks (including cash items in process of clearing). Federal funds sold are also considered cash. Deposits are shown net of withdrawals and loans are shown net of payments.

D. Investment securities

Investment securities are carried at cost, adjusted for amortization of premium and accretion of discount over their contractual lives. Net gains or losses on the sale of securities are the difference between the book value and the sale price at the time of sale.

E. Loans

Loans are stated at the amount of unpaid principal, reduced by unearned discount and fees and the allowance for loan losses.

The allowance for loan losses is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Charges to operating income and recoveries of loans previously charged off increase the allowance. Loan charge-offs reduce the allowance. The Bank makes continuous credit reviews of the loan portfolio and evaluates current economic conditions, specific problem loans and other factors in determining the adequacy of the allowance balance.

Interest is accrued daily on outstanding loan balances. Accrual of interest is discontinued on a loan when management believes, after considering collection efforts and other factors, that the borrower's financial condition is such that collection of interest is doubtful. As of March 31, 1992, the Bank had no non-accruing loans.

F. In-substance foreclosure

In the event a collateralized loan is in default, it is the policy of the Bank to reclassify the collateral as "Other Real Estate" or "Other Assets" at the point in which the loan becomes collateral dependent.

As of March 31, 1992, the Bank had no loans under in-substance foreclosure.

G. Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed by the straight-line method over the following estimated useful lives:

Description	Years
Building	31.5
Landscaping	15
Furniture, fixtures and equipment	5-7

H. Income taxes

The Company files its Federal and State Corporate tax returns based on a calendar year-end.

As of December 31, 1991, the Company incurred a net loss of $140,670. The net loss for current and prior periods will be available to offset future years' income otherwise taxable and will expire as follows:

Year-end	Net Loss	Expiration
December 31, 1987	$ 4,783	December 31, 2002
December 31, 1988	158,129	December 31, 2003
December 31, 1989	165,934	December 31, 2004
December 31, 1990	275,758	December 31, 2005
December 31, 1991	140,670	December 31, 2006
	$745,274	

I. Investment units and stock options

Each Organizer listed in the prospectus for Golden Isles Financial Holdings, Inc., dated May 15, 1989, was granted stock warrants on the basis of one warrant for each share of common stock purchased by the Organizer during the initial stock offering. The warrants initially had a term of four years from the date of the Company's subsidiary Bank's incorporation, and an exercise price equal to the greater of the original issue price of the stock or the book value per share of the Company's stock on the date of exercise.

Exclusive of warrants granted to Organizers in the initial stock offering, the stockholders of the Company, at their 1991 annual meeting, approved a Management and Employee Incentive Stock Option Plan, and a Management and Employee Non-statutory Stock Option Plan. Under the 1991 Incentive Stock Option Plan, 48,500 options were granted by the Board of Directors, including 20,000 for the Chief Executive Officer, 15,000 for the Senior Lending Officer, 7,500 for the Controller, 3,000 for the Associate Lender, and 3,000 for the Office Manager. Options granted under the 1991 Incentive Stock Option Plan will vest at a rate of 20% per year if certain performance criteria are met. These criteria consist of return on asset objectives. However, notwithstanding the return on asset objectives, all granted options will become automatically vested for all participants who are still employed with the Bank or Company at such time that the Company is acquired, or on the seventh anniversary, May 20, 1998, of the date of the original option grant, May 20, 1991. Options granted under the 1991 Incentive Stock Option Plan, once vested, are exercisable at any time until May 20, 2001. At this time, no stock options have yet been granted under the 1991 Non-statutory Stock Option Plan. However, 51,500 options remain available for grant by the Board of Directors to officers and employees of the Company and its subsidiary Bank.

The aforementioned stock options and warrants are non-transferrable and are exercisable only if the resultant ownership by the recipient will not exceed 10% of the total outstanding shares immediately following the exercise of the options.

J. Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, The First Bank of Brunswick. All material intercompany accounts and transactions have been eliminated in consolidation.

K. Capital surplus

Capital surplus is presented net of offering expenses of $29,950. Of these expenses, $8,380 were incurred in 1990.

L. Earnings (loss) per common share

The primary earnings (loss) per common share of $.03 and $(.07) for the three months ended March 31, 1992, and 1991, respectively, was based on 1,058,849 of common stock shares outstanding.

The fully diluted earnings per common share of $.02 for 1992 was based on 1,058,849 of common stock shares outstanding, plus 218,960 shares which could be acquired by directors or organizers of the Company through the exercise of warrants, plus 9,700 shares which could be acquired by Company or subsidiary officers through the exercise of stock options. This totals 1,287,509 shares.

2. FINANCIAL INSTRUMENT WITH OFF-BALANCE SHEET RISK

The Bank is a party to a financial instrument with off-balance sheet risk. This instrument, in the normal course of business, meets the financing needs of bank customers. This instrument consists of standby Letters of Credit. This instrument can involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheet.

Standby Letters of Credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The credit risk involved in issuing Letters of Credit is essentially the same as that involved in extending loans to customers. Standby Letters of Credit are generally well secured with marketable collateral.

Standby Letters of Credit represent potential exposure to credit loss by the Bank. This exposure exists because the party to whom the Letter of Credit is issued may demand funding of the Letter of Credit at such time as our borrower (for whom the Letter of Credit was issued) fails to perform some contractual obligation. At the time the Letter of Credit is funded, our borrower could be unable to make interest and/or principal payments on the loan which results from funding the Letter of Credit. The Bank uses similar credit criteria in making commitments to issue Letters of Credit as it does in making decisions to provide loans to borrowers.

The following table indicates the Bank's exposure resulting from standby Letters of Credit which are not represented on the Bank's balance sheet:

	3/31/92	3/31/91
Financial instruments whose contract amounts represent credit risk:		
Standby Letters of Credit	$12,000	$108,625

3. INVESTMENT SECURITIES

The book and approximate market value of investment securities are as follows:

	March 31, 1992		March 31, 1991	
	Book	Market	Book	Market
U.S. Treasury	$1,389,528	$1,392,842	$1,131,000	$1,130,000
U.S. Government Agencies	1,713,787	1,721,216	201,000	201,000
	$3,103,315	$3,114,058	$1,332,000	$1,331,000

The book value of investment securities as of March 31, 1992, and 1991, based on maturities, are shown below. Government agency securities are included based on their contractual final maturities, not call dates.

	Book	
	3/31/92	3/31/91
Due in one year or less	$ 251,243	$ 623,000
Due after one year through five years	2,852,072	709,000
	$3,103,315	$1,332,000

4. LOANS

Loans are comprised of the following:

	March 31	
	1992	1991
Commercial	$14,607,951	$ 7,952,536
Commercial real estate	2,661,097	1,466,180
Consumer real estate	1,666,327	637,083
Home equity	1,117,267	526,564
Installment	1,697,182	894,678
Consumer lines of credit	44,503	43,723
Overdrafts	38,710	7,743
	$21,833,037	$11,528,507
Unearned income	(1,574)	(372)
Allowance for loan losses	(248,133)	(117,268)
Loans (Net)	$21,583,330	$11,410,867

5. ALLOWANCE FOR LOAN LOSSES

	THREE MONTHS ENDED MARCH 31,	
	1991	1990
Balance, beginning	$228,379	$ 80,790
Provision for loan losses	20,764	36,478
Loans charged-off	(1,010)	
Balance, ending	$248,133	$117,268

6. PREMISES AND EQUIPMENT

	THREE MONTHS ENDED MARCH 31,	
	1992	1991
Land	$ 170,833	$ 170,833
Building	867,542	867,542
Landscaping	1,625	1,625
Furniture, fixtures and equipment	119,042	109,372
Computer equipment	24,319	13,888
Vehicle	23,947	23,947
	$1,207,308	$1,187,207
Accumulated depreciation	(90,045)	(42,885)
Premises and equipment (net)	$1,117,263	$ 1,144,322

7. CAPITAL REQUIREMENTS

Banking regulations require the Bank to maintain certain minimum capital levels in relation to Bank assets. As of December 31, 1991, regulators require investors' capital to equal or exceed 8% of the Bank's assets. As of March 31, 1992, the Bank's capital equaled 13.99% of total assets.

8. RELATED PARTY TRANSACTIONS

The Bank has had and may be expected to have in the future, banking transactions in the ordinary course of business with directors, principal officers, their immediate families and affiliated companies in which they are principal stockholders, all of which have been, in the opinion of management, on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others.

Aggregate loan transactions with related parties were as follows:

	THREE MONTHS ENDED MARCH 31,	
	1992	1991
Balance, beginning	$2,184,880	$1,238,880
New loans	176,838	979,000
Repayments	(42,688)	(41,000)
Balance, ending	$2,319,030	$2,176,880
Maximum balance during the year	$2,319,030	$2,176,880

9. RESTRICTIONS ON CASH AND DUE FROM BANKS

Based on reserve liabilities, the Bank is exempt from maintaining a minimum reserve balance as of March 31, 1992, and 1991.

10. ORGANIZATIONAL COSTS

In accordance with FASB statement No. 7, costs incurred in organizing the Bank have been capitalized. Such costs will be amortized over a sixty-month period.

Organizational costs are analyzed below:

	THREE MONTHS ENDED MARCH 31,	
	1991	1990
Consultants	$164,329	$164,329
Filing fees	18,825	18,825
Capitalized interest	30,177	30,177
Other	4,833	4,833
Total organizational costs	$218,164	$218,164
Accumulated amortization	(159,422)	(116,085)
	$ 58,742	$102,079

11. PROFIT SHARING

The Board of Directors of the subsidiary Bank have created incentive programs for management and employees covering calendar years 1992 and 1993. The incentive programs require minimum bank earnings of $50,000 and $100,000 in 1992 and 1993, respectively, as well as minimum returns on average annual bank assets of 0.3% and 0.675% for 1992 and 1993, respectively. Incentives for management, as a group, will be paid at a rate of 7.5% of net income in excess of $50,000 for calendar year 1992 and 7.5% of net income in excess of $100,000 for calendar year 1993.

In addition to the general management incentive, the Chief Executive Officer will be eligible for an incentive equivalent to 4.5% of net bank income based upon identical criteria to those applicable to the management incentive program.

Non-management employees will be eligible for cash bonuses based on average annual return on bank assets for calendar years 1992 and 1993. For both calendar years, employees will be paid no incentive if average annual return on bank assets is less than 0.3%, $500 each for average annual returns of 0.3% to 0.39%, $1,000 each for average annual returns between 0.4% and 0.49%, and $1,500 each for average annual returns of 0.5% or greater. Employees become eligible for the incentive program following the first six months of their employment by the Bank. Employees may receive a prorated incentive for any portion of a calendar year for which they are eligible to receive an incentive.

12. COMMITMENTS AND CONTINGENCIES

Upon opening, the Bank entered into an agreement to act as an agent for a credit card processing company which processed credit card transactions for a telemarketing travel agency. As of December 31, 1990, the telemarketing agency was forced to discontinue operations because the processing company unilaterally chose to discontinue processing their sales. As a result, customers of the telemarketing travel agency requested numerous refunds for trips which had been purchased. Refunds eventually created an overdraft in the account of the telemarketing travel agency. The Bank provided the operators of the telemarketing travel agency with an $80,000 line of credit to reimburse the Bank for the overdraft created by the customer refunds.

As of the date of this report, the operators are reducing the debt through interest and principal payments of $1,500 per month. The current balance of the note is approximately $76,000. It is unlikely that exposure to the Bank, resulting from this relationship, will increase beyond its current level.

13. LEASE AGREEMENTS

The Company leases various furniture, fixtures and equipment under an operating lease expiring in 1995. Minimum future lease payments under the operating lease in excess of one year as of December 31, 1991, for each of the next four years and in the aggregate are:

Year Ended	Amount
December 31, 1992	$ 85,057
December 31, 1993	85,057
December 31, 1994	85,057
December 31, 1995	85,057
	$340,228

14. RESTRICTIONS ON PAYMENTS FOR DIRECTORS' FEES, COMMITTEE SERVICE, AND DIVIDENDS

The Board of Directors has declared a moratorium on the payment of Directors' fees and payment for committee service until Golden Isles Financial Holdings, Inc. has earned a cumulative profit on both a bank-only and consolidated basis. Likewise, no dividends can be paid until start-up expenses are recovered and a cumulative profit realized on both a bank-only and consolidated basis.

15. CONDENSED PARENT COMPANY FINANCIAL INFORMATION

Condensed financial information of Golden Isles Financial Holdings, Inc. as of and for the three months ended March 31, 1992, and 1991, is as follows:

Balance Sheets

ASSETS	1992	1991
Cash	$ 630,717	$ 632,514
Interest receivable	12,238	4,212
	642,955	636,726
Premises and equipment, net	7,143	7,708
Organizational costs, net	30,771	36,926
Investment in banking subsidiary	3,864,572	3,833,701
Other assets	1,866	3,960
Total assets	$ 4,547,307	$ 4,519,021
STOCKHOLDERS' EQUITY		
Common stock, $1 par value; Authorized 5,000,000 shares Issued and outstanding 1991 and 1990 - 1,058,849 shares	$ 1,058,849	$ 1,058,849
Surplus, net	4,205,446	4,205,446
Retained earnings (loss)	(716,988)	(745,274)
Total stockholders' equity	$ 4,547,307	$ 4,519,021

Statements of Income

	1992	1991
Interest income from subsidiary	$ 8,235	$ 40,242
Other interest income		
	8,235	40,242
General and administrative expense		27,507
Amortization of organizational costs	6,154	24,631
Net income (loss) before equity in undistributed earnings (loss) of subsidiary	$ (2,585)	$ (11,896)
Equity in undistributed earnings of banking subsidiary	30,871	(128,774)
Net income (loss)	$ 28,286	$ (140,670)

GOLDEN ISLES FINANCIAL HOLDINGS, INC.

16. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

This overview will primarily address the performance of the Company's subsidiary Bank, because the subsidiary Bank is the Company's primary source of revenue. Total Bank assets for the first calendar quarter of 1992 (ending seven quarters of operation) grew to $29,389,055. Growth continued to compare favorably with the Bank's original business plan as submitted to the Georgia Department of Banking and Finance and the Federal Deposit Insurance Corporation. In that plan, asset growth for the first seven quarters of the Bank's operations was projected to be $18,565,000. Bank earnings continued to improve in the first calendar quarter of 1992, and totalled $30,865 on a pre-tax, unaudited basis.

Bank earnings continue to be adversely impacted by pressure on interest spreads resulting from the Bank management's desire to pay above market deposit rates to promote growth, while market loan rates continue to decline. At the end of the fourth quarter of calendar year 1991, the Bank spread stood at 4.01%, representing the difference between the weighted average yield on interest earning assets and the cost of interest-paying liabilities. This spread fell to 3.76% at the end of the first calendar quarter of 1992.

Although the Bank will enjoy earnings improvement in a rising interest rate environment, it is the long term goal of the Bank's management to position the Bank so that loan rate changes and deposit rate changes approximately offset each other in their impact on earnings. As of the end of the first calendar quarter of 1992 for six-month and twelve-month time frames, the Bank has approximately achieved this goal.

Earnings Summary

For the first quarter of calendar year 1992, the Company enjoyed unaudited, pre-tax profits of $28,286, or $.03 per share, versus a loss of ($76,373), or ($.07) per share, for the same quarter during calendar year 1991.

The dramatic improvement in Company earnings from first quarter 1991 to first quarter 1992 resulted primarily from growth in the Bank's earning assets which provided the Bank with enough operating leverage to become profitable. Because the Bank has been in a start-up phase, most of its expenses are fixed, and earnings from new loans and investments generally pass through to the bottom line of the Bank's income statement.

In all calendar quarters, Bank earnings are generally decreased by the establishment of reserves for possible future loan losses. As of the end of the first quarter for calendar year 1992, the Bank's allowance for possible loan losses stood at $248,133. This represents approximately 1.13% of the Bank's total loans outstanding as of the end of the quarter. The Georgia Department of Banking and Finance mandates the Bank maintain a minimum provision for possible loan losses of 1% of total loans outstanding at any given time.

Liquidity

Liquidity represents the Bank's ability to provide steady sources of funds for lending and investing activities as well as to provide sufficient funds to cover deposit withdrawals and operating obligations. The Bank's policy is to maintain a minimum level of liquid assets of 25%, as a percentage of total liabilities. Liquid assets include cash, deposits with other banks, Federal Funds sold, and investment securities. As of March 31, 1992, this percentage was 25.31%.

As a secondary source of liquidity, the Bank enjoys a commitment from its primary correspondent, the Georgia Bankers Bank, through which the Bank may purchase up to $1 million in Funds on an overnight basis for up to seven consecutive days. The Bank also has the ability to sell loans or participations in loans to other financial institutions from time to time. Such sales of loans or participations in specific loans can generate cash for the Bank and therefore also enhance the Bank's liquidity. As of March 31, 1992, the Bank had no material commitments for capital expenditures.

Capital Adequacy and Dividends

When the Company's subsidiary Bank received approval to organize from the Georgia Department of Banking and Finance and the Federal Deposit Insurance Corporation, its management agreed to maintain a minimum capital to assets ratio of 8%. As of March 31, 1992, the Bank's capital to asset ratio was 13.99%.

The management of the Bank monitors and reviews the Bank's capital position on a regular basis to ensure that an 8% level of capital to assets is maintained by the Bank. Notwithstanding this objective, however, it is in the best interests of the Company's stockholders to maintain a capital ratio which is close to but does fall below 8%. If the Company is profitable, the stockholders' rate of return on investment increases as this ratio decreases.

Information which relates to the dividend policies of the Company and the Bank and regulatory restrictions on payment of dividends by the Company or the Bank are discussed in the Notes to Consolidated Financial Statements.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings - There are no material pending legal proceedings to which the Company or any of its subsidiaries is a party or to which any of their property is subject.

Item 2. Changes in Securities -

(a) No constituent instruments defining the rights of the holders of any class of registered securities have been materially modified.

(b) No rights evidenced by any class of registered securities have been materially limited or qualified by the issuance or modification of any other class of securities.

It is anticipated that earnings will be retained for several years to expand the Bank's (as hereinafter defined) capital base to support deposit growth and that no dividends will be paid on the Company's stock for at least five years.

Dividends will be paid when declared by the Company's Board of Directors out of net income available therefore. The Company will initially have no source of income other than interest income from investments and dividends and other payments received from the Bank. Under the provisions of the Financial Institutions Code of Georgia, the Bank may declare cash dividends provided:

(i) the aggregate amount of dividends declared in the calendar year does not exceed 50% of the net profits after taxes but before dividends for the previous calendar year;
(ii) the ratio of equity capital to adjusted total assets shall not be less than eight percent.

Item 3. Defaults Upon Senior Securities -

(a) There has not been any material default in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not cured within 30 days, with respect to any indebtedness of the Company or any of its significant subsidiaries exceeding five percent of the total assets of the Company and its consolidated subsidiaries.

(b) There has not been any material arrearage in the payment of dividends or any other material delinquency not cured within 30 days.

Item 4. Submission of Matters to a Vote of Security Holders - The Annual Meeting is scheduled for May 11, 1992, at 10:15 a.m. Refer to the proxy for information regarding matters which will be submitted to a vote at that time.

Item 5. Other Information - None.

Item 6. Exhibits and Reports on Form 8-K -

(a) Exhibits

11	Computation of Per Share Earnings is included in Financial Statements. See Part I.
20	Annual report to security holders.
23(a)	Proxy Statement.
23(b)	Proxy.
28	Notice of Annual Meeting.

(b) Reports on Form 8-K - There were no reports on Form 8-K filed for the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GOLDEN ISLES FINANCIAL HOLDINGS, INC.
(Registrant)

Date: 5/1/92

By:
Paul D. Lockyer,
Senior Vice President and
Principal Financial and
Accounting Officer

EXHIBIT 20

1991 ANNUAL REPORT

Golden Isles Financial Holdings, Inc.

The First

Golden Isles Financial Holdings, Inc.

Board of Directors

GREGORY S. JUNKIN
Chairman & Chief Executive Officer

J. THOMAS WHELCHEL
President

C. RAY ACOSTA

OSCAR B. COVINGTON, JR.

JAMES M. FIVEASH

L. MCREE HARDEN

RUSSELL C. JACOBS, JR.

C. KERMIT KEENUM

PAUL D. LOCKYER

JIMMY D. VEAL

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Consolidated Statements of Income *Page Eight*

Consolidated Statements of Stockholders' Equity *Page Nine*

Consolidated Statements of Cash Flows *Page Ten*

Consolidated Notes to Financial Statements *Page Twelve*

Directors and Corporate Information *Page Twenty-Four*

A Message to Our Shareholders, Clients and Friends

1991 was the second year of operations for Golden Isles Financial Holdings, Inc. ("GIFH") and the first full calendar year for its wholly-owned subsidiary, **The First Bank of Brunswick.**

Notwithstanding two significant events during 1991 – the most severe recession in many years and the Gulf War – the Company performed exceptionally well, exceeding all original projections as a direct result of the outstanding performance of **The First Bank of Brunswick.**

GIFH's loss per common share declined in each of the first three quarters of 1991. The Company showed a profit in the fourth quarter.

QUARTER ENDED:	EARNINGS (LOSS) PER SHARE 1991	1990
December 31st	$0.02	$(0.16)
September 30th	(0.02)	(0.13)
June 30th	(0.06)	0.00
March 31st	(0.07)	0.03

There was a dramatic improvement in 1991 over 1990 as the loss per share of the Company's common stock declined from $(0.26) in 1990 to $(0.13) in 1991. We have every expectation that this performance will continue to improve and that the Company will experience positive earnings in 1992, its third year of operations.

Although **The First Bank of Brunswick**, the primary asset of GIFH, had an exceptionally strong year in virtually all meaningful categories, perhaps its most significant area of growth was in its loan portfolio. The loan portfolio is the main source of income for **The First Bank of Brunswick** and its rapid growth was a major factor in the Bank's ability to operate on a profitable basis during the fourth quarter of 1991. In conjunction with this growth, it is most gratifying to report that as of December 31, 1991, **The First Bank of Brunswick** had only 0.14% of its loans delinquent for more than thirty (30) days. To put this statistic into perspective, on an industry-wide basis, an average of 2.00% of loans delinquent for more than thirty (30) days is considered to be good. We believe that this is a testimony to the quality of **The First Bank of Brunswick's** loan portfolio and is a result of the fine underwriting of our lending group. We did not sacrifice quality for growth.

The schedule below is intended to provide you with a brief statistical overview of **The First Bank of Brunswick's** growth during 1991:

	DECEMBER 31		
	1991	**1990**	**% Change**
Total Assets	$26,106,065	$13,155,902	+ 98.4%
Total Loans (net)	20,110,673	8,035,302	+ 150.3%
Total Deposits	21,461,736	8,431,246	+ 154.5%

We continue to believe that the operating results of **The First Bank of Brunswick** in 1991 reflect the strong desire of our market for a locally-owned, locally-managed, full service commercial bank to serve its banking needs. Personalized service and easy access to a bank's decision makers are highly desired in today's increasingly impersonal environment. In addition, our community is very pleased with the fact that business conducted with **The First Bank of Brunswick** remains within our community and helps to promote the overall economic growth and strength of our community.

Thank you for your support during 1991. We pledge ourselves to perform at a level which will justify your continued confidence during 1992.

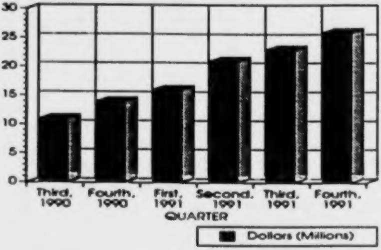
Sincerely,

Gregory S. Junkin
Chairman
Chief Executive Officer

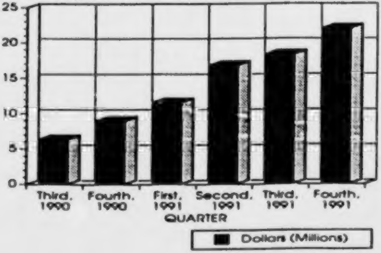
J. Thomas Whelchel
President

1991 HIGHLIGHTS

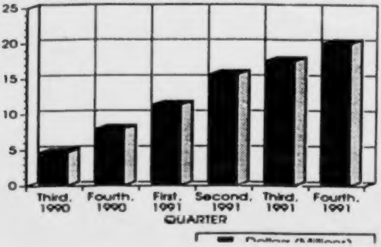
Asset Growth



Deposit Growth



Net Loan Growth



The First
BANK OF BRUNSWICK

1991
Auditors' Report
and
Financial Information

DeLoach
& Company
CERTIFIED PUBLIC ACCOUNTANTS

OFFICES: ATLANTA • BRUNSWICK • LAWRENCEVILLE • SAVANNAH
CORRESPONDENTS IN PRINCIPAL CITIES OF THE UNITED STATES

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Golden Isles Financial Holdings, Inc.
Brunswick, Georgia

We have audited the balance sheets of Golden Isles Financial Holdings, Inc. and Subsidiary as of December 31, 1991 and 1990, and the related statements of income, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Golden Isles Financial Holdings, Inc. and Subsidiary as of December 31, 1991 and 1990, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

DeLoach + Company

Brunswick, Georgia
January 22, 1992

GOLDEN ISLES FINANCIAL HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	AS OF DECEMBER 31,			
		1991		1990
ASSETS				
Cash and due from banks		$ 836,520		$ 912,653
Interest-bearing deposits in other banks		279,720		
Federal funds sold and securities purchased under agreements to resell		1,909,000		2,450,000
Investment securities (market value of $1,565,499 and $380,822 as of December 31, 1991 and 1990 respectively)		1,526,162		380,822
Loans:				
Total loans	20,341,259		8,116,092	
Unearned income	2,207			
Allowance for loan losses	228,379		80,790	
Net loans		20,110,673		8,035,302
Premises and equipment, net		1,125,007		1,130,225
Accrued income receivable		221,607		89,477
Organizational costs, net		69,589		112,987
Other assets		27,787		43,836
TOTAL ASSETS		$ 26,106,065		$ 13,155,302
LIABILITIES AND STOCKHOLDERS' EQUITY				
DEPOSITS:				
Non-interest-bearing demand		2,544,603		1,745,770
Interest-bearing demand		1,387,202		724,217
Regular savings		333,997		182,994
Money market accounts		3,781,880		1,208,337
Time deposits of under $100,000		9,604,056		3,219,871
Time deposits of $100,000 and over		3,809,998		1,350,057
Total deposits		21,461,736		8,431,246
Accounts payable and accrued expenses		125,308		64,365
Total Liabilities		21,587,044		8,495,611
STOCKHOLDERS' EQUITY				
Common stock, $1 par value Authorized 5,000,000 shares Issued and outstanding 1991 and 1990 - 1,058,849 shares		1,058,849		1,058,849
Surplus, net		4,205,446		4,205,446
Retained earnings (loss)		(745,274)		(604,604)
Total Stockholders' equity		4,519,021		4,659,691
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$ 26,106,065		$ 13,155,302

GOLDEN ISLES FINANCIAL HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDED DECEMBER 31,	
	1991	1990
INTEREST AND FEE INCOME:		
Interest and fees on loans	$1,671,271	$297,692
Interest on investment securities	83,588	58,969
Interest on deposits in other banks	19,113	
Interest on fed funds sold & securities under repurchase agreements	68,180	177,422
Other interest income		85,472
Total interest and fee income	1,842,152	619,555
INTEREST EXPENSE:		
Interest on deposits	849,228	162,652
Total interest expense	849,228	162,652
NET INTEREST INCOME	992,924	456,903
PROVISION FOR LOAN LOSSES	160,078	82,321
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	832,846	374,582
NON-INTEREST INCOME:		
Service charges on deposit accounts	108,469	22,615
Other	4,518	5,571
Total noninterest income	112,987	28,186
NON-INTEREST EXPENSE:		
Salaries and wages	424,445	299,988
Occupancy expense	58,920	44,679
Equipment expense	65,701	27,018
Amortization of organizational expense	43,399	56,006
Other	494,038	250,835
Total noninterest expense	1,086,503	678,526
INCOME (LOSS) BEFORE INCOME TAXES	(140,670)	(275,758)
INCOME TAX EXPENSE	0	0
NET INCOME (LOSS)	$ (140,670)	$(275,758)
EARNINGS (LOSS) PER SHARE		
Primary	$ (0.13)	$ (0.26)
AVERAGE SHARES OUTSTANDING		
Primary	1,058,849	1,058,849

The accompanying notes are an integral part of these financial statements.

GOLDEN ISLES FINANCIAL HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 1991 AND 1990

	COMMON STOCK				
	SHARES	AMOUNT	SURPLUS	RETAINED EARNINGS (LOSS)	TOTAL
BALANCE, DECEMBER 31, 1989	139,770	$ 696,850	$ 2,763,830	$ (328,846)	$ 3,131,834
Common stock issued	1,058,849	1,058,849	1,449,996		2,508,845
Common stock subscribed	(139,270)	(696,350)			(696,350)
Original stock redeemed	(500)	(500)			(500)
Offering (expenses)			(8,380)		(8,380)
Net income (loss) for 1990				(275,758)	(275,758)
BALANCE, DECEMBER 31, 1990	1,058,849	1,058,849	4,205,446	(604,604)	4,659,691
Net income (loss) for 1991				(140,670)	(140,670)
BALANCE, DECEMBER 31, 1991	1,058,849	$ 1,058,849	$ 4,205,446	$ (745,274)	$ 4,519,021

The accompanying notes are an integral part of these financial statements.

GOLDEN ISLES FINANCIAL HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOW

	YEARS ENDED DECEMBER 31,	
	1991	1990
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and fees received from:		
Loans	$ 1,539,141	$ 208,215
Investment securities	83,589	58,969
Other	200,545	291,080
Interest paid to depositors and on notes payable	(788,285)	(116,695)
Cash paid to suppliers and employees	(987,268)	(627,867)
Net cash provided by (used in) operating activities	47,722	(186,298)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities and certificates of deposit	(1,425,060)	(380,822)
Net (increase) in loans	(12,235,449)	(8,116,092)
Organizational costs	0	(31,055)
Purchase of premises and equipment	(34,835)	(961,285)
Net cash (used in) investing activities	(13,695,344)	(9,489,254)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds received from trustee		3,542,134
Proceeds received from organizers		145,687
Net increase in deposits	13,030,489	8,431,246
(Payments made on) notes payable		(886,100)
Proceeds from issuance of common stock		1,803,615
Net cash provided by financing activities	13,030,489	13,036,582
Increase (decrease) in cash and due from banks	(617,133)	3,361,030
Cash, due from banks and federal funds sold		
Beginning	3,362,653	1,623
Ending	$ 2,745,520	$ 3,362,653

The accompanying notes are an integral part of these financial statements.

GOLDEN ISLES FINANCIAL HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOW (CONTINUED)

	1991	1990
RECONCILIATION OF NET EARNINGS (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net (loss)	$ (140,670)	$ (275,758)
Non-cash expenses included in net income:		
Loan loss provision	160,078	80,790
Depreciation	39,787	33,963
Amortization	43,399	56,006
Other	266	(620)
Change in assets and liabilities:		
(Increase) in accrued interest receivable	(132,130)	(89,477)
(Increase) decrease in other assets	16,049	(43,436)
Increase in accrued interest payable and other liabilities	60,943	52,234
Net cash provided by (used in) operating activities	$ 47,722	$ (186,298)

The accompanying notes are an integral part of these financial statements.

GOLDEN ISLES FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1991 and 1990

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Company was incorporated as Golden Isles Financial Holdings, Inc. on September 8, 1987, for the purpose of becoming a registered bank holding company. The Company obtained approvals from the Federal Deposit Insurance Corporation and from The State of Georgia, Department of Banking and Finance, to establish a subsidiary bank which operates in Brunswick, Georgia.

The subsidiary, The First Bank of Brunswick, was incorporated on March 23, 1989, and began operations on July 2, 1990.

B. Banking activities

The First Bank of Brunswick grants commercial, consumer and mortgage loans to residents and businesses located in Glynn County, Georgia. Most of the loans granted by The First Bank of Brunswick are collateralized by assets owned by the related borrowers. However, the Bank anticipates that loans will generally be repaid through cash flow generated by business borrowers and personal earnings of individual borrowers. In some instances, such as loans to finance business receivables or inventory, the Bank anticipates repayment from the conversion of short term business assets to cash. Collateral requirements and repayment terms are determined by the Loan Officer responsible for each credit, as well as a committee comprised of selected members of the Board of Directors for borrowing relationships which exceed $50,000.

C. Presentation of cash flows

For purposes of reporting changes in the Company's cash position, cash and due from banks includes cash on hand and amounts on deposit with correspondent banks (including cash items in process of clearing). Federal funds sold are also considered cash. Deposits are shown net of withdrawals and loans are shown net of payments.

(Continued)

D. Investment securities

Investment securities are carried at cost, adjusted for amortization of premium and accretion of discount over their contractual lives. Net gains or losses on the sale of securities are the difference between the book value and the sale price at the time of sale.

E. Loans

Loans are stated at the amount of unpaid principal, reduced by unearned discount and fees and the allowance for loan losses.

The allowance for loan losses is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Charges to operating income and recoveries of loans previously charged off increase the allowance. Loan charge-offs reduce the allowance. The Bank makes continuous credit reviews of the loan portfolio and evaluates current economic conditions, specific problem loans and other factors in determining the adequacy of the allowance balance.

Interest is accrued daily on outstanding loan balances. Accrual of interest is discontinued on a loan when management believes, after considering collection efforts and other factors, that the borrower's financial condition is such that collection of interest is doubtful. As of December 31, 1991, the Bank had no non-accruing loans.

F. In-substance foreclosure

In the event a collateralized loan is in default, it is the policy of the Bank to reclassify the collateral as "Other Real Estate" or "Other Assets" at the point in which the loan becomes collateral dependent.

As of December 31, 1991, the Bank had no loans under in-substance foreclosure.

(Continued)

G. **Premises and equipment**

Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed by the straight-line method over the following estimated useful lives:

Description	Years
Building	31.5
Landscaping	15
Furniture, fixtures and equipment	5-7

H. **Income taxes**

The Company files its Federal and State Corporate tax returns based on a calendar year-end.

As of December 31, 1991, the Company incurred a net loss of $140,670. The net loss for current and prior periods will be available to offset future years' income otherwise taxable and will expire as follows:

Year-end	Net Loss	Expiration
December 31, 1987	$ 4,783	December 31, 2002
December 31, 1988	158,129	December 31, 2003
December 31, 1989	165,934	December 31, 2004
December 31, 1990	275,758	December 31, 2005
December 31, 1991	140,670	December 31, 2006
	$745,274	

I. **Investment units and stock options**

Each Organizer listed in the prospectus for Golden Isles Financial Holdings, Inc., dated May 15, 1989, was granted stock warrants on the basis of one warrant for each share of common stock purchased by the Organizer during the initial stock offering. The warrants initially had a term of four years from the date of the Company's subsidiary Bank's incorporation, and an exercise price equal to the greater of the original issue price of the stock or the book value per share of the Company's stock on the date of exercise.

(Continued)

Exclusive of warrants granted to Organizers in the initial stock offering, the stockholders of the Company, at their 1991 annual meeting, approved a Management and Employee Incentive Stock Option Plan, and a Management and Employee Non-statutory Stock Option Plan. Under the 1991 Incentive Stock Option Plan, 48,500 options were granted by the Board of Directors, including 20,000 for the Chief Executive Officer, 15,000 for the Senior Lending Officer, 7,500 for the Controller, 3,000 for the Associate Lender, and 3,000 for the Office Manager. Options granted under the 1991 Incentive Stock Option Plan will vest at a rate of 20% per year if certain performance criteria are met. These criteria consist of return on asset objectives. However, notwithstanding the return on asset objectives, all granted options will become automatically vested for all participants who are still employed with the Bank or Company at such time that the Company is acquired, or on the seventh anniversary, May 20, 1998, of the date of the original option grant, May 20, 1991. Options granted under the 1991 Incentive Stock Option Plan, once vested, are exercisable at any time until May 20, 2001. At this time, no stock options have yet been granted under the 1991 Non-statutory Stock Option Plan. However, 51,500 options remain available for grant by the Board of Directors to officers and employees of the Company and its subsidiary Bank.

The aforementioned stock options and warrants are non-transferrable and are exercisable only if the resultant ownership by the recipient will not exceed 10% of the total outstanding shares immediately following the exercise of the options.

J. **Principles of consolidation**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, The First Bank of Brunswick. All material intercompany accounts and transactions have been eliminated in consolidation.

K. **Capital surplus**

Capital surplus is presented net of offering expenses of $29,950. Of these expenses, $8,380 were incurred in 1990.

(Continued)

L. Earnings (loss) per common share

The primary earnings (loss) per common share of $(.13) and $(.26) for the years ended December 31, 1991, and 1990, respectively, was based on 1,058,849 of common stock shares outstanding for 1991 and 1990.

2. FINANCIAL INSTRUMENT WITH OFF-BALANCE SHEET RISK

The Bank is a party to a financial instrument with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. This instrument consists of standby Letters of Credit. This instrument can involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheet.

Standby Letters of Credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The credit risk involved in issuing Letters of Credit is essentially the same as that involved in extending loans to customers. Standby Letters of Credit are generally well secured with marketable collateral.

Standby Letters of Credit represent potential exposure to credit loss by the Bank. This exposure exists because the party to whom the Letter of Credit is issued may demand funding of the Letter of Credit at such time as our borrower (for whom the Letter of Credit was issued) fails to perform some contractual obligation. At the time the Letter of Credit is funded, our borrower could be unable to make interest and/or principal payments on the loan which results from funding the Letter of Credit. The Bank uses similar credit criteria in making commitments to issue Letters of Credit as it does in making decisions to provide loans to borrowers.

The following table indicates the Bank's exposure resulting from standby Letters of Credit which are not represented on the Bank's balance sheet:

	1991	1990
Financial instruments whose contract amounts represent credit risk:		
Standby Letters of Credit	$79,000	$31,625

(Continued)

3. INVESTMENT SECURITIES

The book and approximate market values of investment securities are as follows:

	1991		1990	
	Book	Market	Book	Market
U.S. Treasury	$ 863,186	$ 886,705	$380,822	$380,822
U.S. Government Agencies	662,976	678,794		
	$1,526,162	$1,565,499	$380,822	$380,822

The book values of investment securities as of December 31, 1991, based on maturities, are shown below. Government agency securities are included based on their contractual final maturities, not call dates.

	Book	
	1991	1990
Due in one year or less	$ 252,012	$380,822
Due after one year through five years	1,274,150	
	$1,526,162	$380,822

4. LOANS

Loans are comprised of the following:

	December 31	
	1991	1990
Commercial	$ 13,789,086	$ 6,008,393
Commercial real estate	2,283,963	923,709
Consumer real estate	1,662,248	283,651
Home equity	961,861	226,090
Installment	1,592,243	641,510
Consumer lines of credit	43,815	20,778
Overdrafts	8,043	11,961
	$ 20,341,259	$ 8,116,092
Unearned income	(2,207)	
Allowance for loan losses	(228,379)	(80,790)
Loans (Net)	$ 20,110,673	$ 8,035,302

5. ALLOWANCE FOR LOAN LOSSES

	YEARS ENDED DECEMBER 31, 1991	1990
Balance, beginning	$ 80,790	Nil
Provision for loan losses	160,078	$ 82,321
Loans charged-off	(12,658)	(1,531)
Recoveries of charged-off loans	169	
Balance, ending	$ 228,379	$ 80,790

6. PREMISES AND EQUIPMENT

	YEARS ENDED DECEMBER 31, 1991	1990
Land	$ 170,833	$ 171,100
Building	867,542	859,042
Landscaping	1,625	1,625
Furniture, fixtures and equipment	116,709	99,409
Computer equipment	20,909	11,874
Vehicle	23,947	23,947
	$ 1,201,565	$ 1,166,997
Accumulated depreciation	(76,558)	(36,772)
Premises and equipment (net)	$ 1,125,007	$ 1,130,225

7. CAPITAL REQUIREMENTS

Banking regulations require the Bank to maintain certain minimum capital levels in relation to Bank assets. As of December 31, 1991, regulators require investors' capital to equal or exceed 8% of the Bank's assets. As of December 31, 1991, the Bank's capital equaled 15.59% of total assets.

8. RELATED PARTY TRANSACTIONS

In approving the application to establish the subsidiary Bank, the State of Georgia, Department of Banking and Finance, and the FDIC required that approximately $126,900 of organizational costs incurred during 1987 and 1988 be borne by the prior group of Organizers, as the expenditures were more appropriately associated with a prior organizational attempt.

This assumption of expenses created a receivable from the Organizers on the financial statements of the Company. The receivable from the Organizers bears the same interest rate as the Company's cost of funds. Accounts receivable from the Organizers as of December 31, 1989, was $145,687, which was repaid in 1990.

(Continued)

The Bank has had, and may be expected to have in the future, banking transactions in the ordinary course of business with directors, principal officers, their immediate families and affiliated companies in which they are principal stockholders, all of which have been, in the opinion of management, on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others.

Aggregate loan transactions with related parties were as follows:

	YEARS ENDED DECEMBER 31,	
	1991	1990
Balance, beginning	$ 1,238,880	Nil
New loans	1,763,000	$ 1,317,435
Repayments	(817,000)	(78,555)
Balance, ending	$ 2,184,880	$ 1,238,880
Maximum balance during the year	$ 2,184,880	$ 1,317,435

9. RESTRICTIONS ON CASH AND DUE FROM BANKS

Based on reserve liabilities, the Bank was exempt from maintaining a minimum reserve balance as of December 31, 1991, and 1990.

10. ORGANIZATIONAL COSTS

In accordance with FASB statement No. 7, costs incurred in organizing the Bank have been capitalized. Such costs will be amortized over a sixty-month period.

Organizational costs are analyzed below:

	YEARS ENDED DECEMBER 31,	
	1991	1990
Consultants	$ 164,329	$ 164,329
Filing fees	18,825	18,825
Capitalized interest	30,177	30,177
Other	4,833	4,833
Total organizational costs	$ 218,164	$ 218,164
Accumulated amortization	(148,575)	(105,177)
	$ 69,589	$ 112,987

(Continued)

11. PROFIT SHARING

The Board of Directors of the subsidiary Bank created an Officer and Employee Incentive Program for 1990 and 1991. Under the Program, an eligible officer or employee could have earned up to 15 percent of their first-year base salary. There was no contribution to the program for 1990 or 1991. The Board of Directors of the subsidiary Bank intend to create an officer and employee incentive program for calendar years 1992 and 1993. However, as of the date of this report, those plans are not yet finalized.

12. COMMITMENTS AND CONTINGENCIES

Upon opening, the Bank entered into an agreement to act as an agent for a credit card processing company which processed credit card transactions for a telemarketing travel agency. As of December 31, 1990, the telemarketing agency was forced to discontinue operations because the processing company unilaterally chose to discontinue processing their sales. As a result, customers of the telemarketing travel agency requested numerous refunds for trips which had been purchased. Refunds eventually created an overdraft in the account of the telemarketing travel agency. The Bank provided the operators of the telemarketing travel agency with an $80,000 line of credit to reimburse the Bank for the overdraft created by the customer refunds.

As of the date of this report, the operators are reducing the debt through interest and principal payments of $1,500 per month. The current balance of the note is approximately $78,000. It is unlikely that exposure to the Bank, resulting from this relationship, will increase beyond its current level.

13. LEASE AGREEMENTS

The Company leases various furniture, fixtures and equipment under an operating lease expiring in 1995. Minimum future lease payments under the operating lease in excess of one year as of December 31, 1991, for each of the next four years and in the aggregate are:

Year Ended	Amount
December 31, 1992	$ 85,057
December 31, 1993	85,057
December 31, 1994	85,057
December 31, 1995	85,057
	$340,228

(Continued)

14. RESTRICTIONS ON PAYMENTS FOR DIRECTORS' FEES, COMMITTEE SERVICE, AND DIVIDENDS

The Board of Directors has declared a moratorium on the payment of Directors' fees and payment for committee service until Golden Isles Financial Holdings, Inc. has earned a cumulative profit on both a bank-only and consolidated basis. Likewise, no dividends can be paid until start-up expenses are recovered and a cumulative profit realized on both a bank-only and consolidated basis.

15. CONDENSED PARENT COMPANY FINANCIAL INFORMATION

Condensed financial information of Golden Isles Financial Holdings, Inc. as of and for the years ended December 31, 1991, and 1990, is as follows:

Balance Sheets

ASSETS	1991	1990
Cash	$ 632,514	$ 620,107
Interest receivable	4,212	
	636,726	620,107
Premises and equipment, net	7,708	7,504
Organizational costs, net	36,926	61,557
Investment in banking subsidiary	3,833,701	3,962,475
Other assets	3,960	8,048
Total assets	$ 4,519,021	$ 4,659,691
STOCKHOLDERS' EQUITY		
Common stock, $1 par value; Authorized 5,000,000 shares Issued and outstanding 1991 and 1990 - 1,058,849 shares	$ 1,058,849	$ 1,058,849
Surplus, net	4,205,446	4,205,446
Retained earnings (loss)	(745,274)	(604,604)
Total stockholders' equity	$ 4,519,021	$ 4,659,691

(Continued)

GOLDEN ISLES FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

Statements of Income

	1991	1990
Interest income from subsidiary	$ 40,242	$ 23,161
Other interest income		195,953
	40,242	219,114
General and administrative expense	27,507	170,294
Amortization of organizational costs	24,631	46,622
Net income (loss) before equity in undistributed earnings (loss) of subsidiary	$ (11,896)	$ 2,198
Equity in undistributed earnings of banking subsidiary	(128,774)	(277,956)
Net income (loss)	$ (140,670)	$ (275,758)

(Continued)

GOLDEN ISLES FINANCIAL HOLDINGS, INC. AND SUBSIDIARY

STATEMENTS OF CASH FLOW

	YEARS ENDED DECEMBER 31, 1991	YEARS ENDED DECEMBER 31, 1990
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash provided by (used in) operating activities	$ 12,407	$ 32,036
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash (used in) investing activities	0	(4,018,888)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash provided by financing activities	0	4,605,336
Increase in cash and due from banks	12,407	618,484
CASH AND DUE FROM BANKS		
Beginning	620,107	1,623
Ending	$ 632,514	$ 620,107
RECONCILIATION OF NET EARNINGS (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net (loss)	$ (140,670)	$ (275,758)
Noncash expenses included in net income:		
Depreciation and Amortization	24,427	49,617
Change in assets and liabilities:		
Equity in undistributed (earnings) loss of subsidiary	128,774	277,956
(Increase)in accrued interest receivable	(4,211)	
(Increase) decrease in other assets	4,087	(7,648)
(Decrease) in accrued iterest payable and other liablilites		(12,131)
Net cash provided by (used in) operating activities	$ 12,407	$ 32,036

The accompanying notes are an integral part of these financial statements.

(Concluded)

Directors and Corporate Information

The First
BANK OF BRUNSWICK

C. Ray Acosta (4)

Oscar B. Covington, Jr. (1) (2)

Laura J. Bonds (1)
Vice President

James M. Fiveash (5)

L. McRee Harden (2) (5)

Michael D. Hodges (5)
Senior Vice President

Russell C. Jacobs, Jr. (2) (3)

Gregory S. Junkin (3) (4) (5)

C. Kermit Keenum (2)

Paul D. Lockyer (1) (4) (5)
President & Chief Executive Officer

Jimmy D. Veal (1) (3) (4) (5)

J. Thomas Whelchel (4)
Chairman of the Board

Board Committees:
(1) Asset/Liability
(2) Audit
(3) Compensation
(4) Executive
(5) Loan

Golden Isles Financial Holdings, Inc.

C. Ray Acosta
Treasurer

Oscar B. Covington, Jr.

James M. Fiveash

L. McRee Harden

Russell C. Jacobs, Jr.

Gregory S. Junkin
Chairman & Chief Executive Officer

C. Kermit Keenum

Paul D. Lockyer
Senior Vice President

Jimmy D. Veal
Secretary

J. Thomas Whelchel
President

MAIN OFFICE
2812 Cypress Mill Road
Brunswick, Georgia 31520
912 / 267-9500

STOCK TRANSFER AGENT & REGISTRAR
The First Bank of Brunswick
2812 Cypress Mill Road
Brunswick, Georgia 31520

INDEPENDENT PUBLIC ACCOUNTANTS
DeLoach & Company
P.O. Box 490
1612 Newcastle Street
Suite 200
Brunswick, Georgia 31521

ANNUAL MEETING
The annual meeting of **Golden Isles Financial Holdings, Inc.** will be held Monday, May 11, 1992, at 10:15 am at the Ramada Inn, Highway 17, Brunswick, Georgia

FORM 10-K
A copy of the Form 10-K, including financial statement schedules as filed with the Securities & Exchange Commission, will be furnished without charge to stockholders as of the record date upon written request to

Paul D. Lockyer
The First Bank of Brunswick
2812 Cypress Mill Road
Brunswick, Georgia 31520

Management and Staff

The First

J.THOMAS WHELCHEL
Chairman

PAUL D. LOCKYER
President & Chief Executive Officer

LISA ALDRIDGE
Banking Officer & Accounting Operations Manager

LAURA J. BONDS
Vice President
Audit & Compliance

MARIE CURRY
Staff Accountant

DIANE L. DOSTER
Loan Assistant

EVELYN H. DUVALL
Customer Service Representative

DONNA H. GOWEN
Vice President Lending

SUSAN HARRELL
Customer Service Representative

ALLYSON L. HICKEY
Processing Coordinator

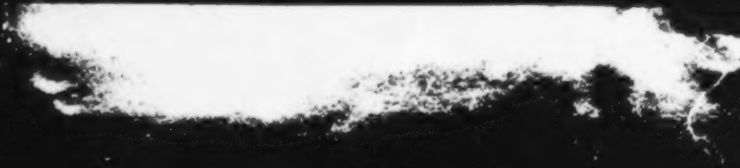
ALESHA HICKOX
Customer Service Representative

MICHAEL D. HODGES
Senior Vice President Lending

KATHRYN D. POGUE
Administrative Assistant

ZANETA SLOAN
Customer Service Representative

LYNN YOUNCE
Head Teller



The First
BANK OF BRUNSWICK

2812 CYPRESS MILL ROAD • BRUNSWICK, GA 31520
(912) 267-9500

Golden Isles
Financial Holdings, Inc.

EXHIBIT 23(a)

Golden Isles Financial Holdings, Inc.
2812 Cypress Mill Road
Brunswick, Georgia 31520

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Golden Isles Financial Holdings, Inc. (the "Company"), for use at the Annual Meeting of Shareholders to be held on May 11, 1992, at the Ramada Inn on Highway 17, Brunswick, Georgia, and at any adjournments thereof.

This Proxy Statement and the form of proxy were first mailed to shareholders on or about April 23, 1992. If the enclosed form of proxy is properly executed, returned and received within 24 hours before the shareholders' meeting and not revoked, it will be voted in accordance with specifications made by the shareholder. If the form of proxy is signed and returned, but specifications are not made, the proxy will be voted for the election of directors.

Shareholders who sign proxies have the right to revoke them at any time before they are voted by delivering to Gregory S. Junkin, Chairman of the Company, at the Company's office, either an instrument revoking the proxy or a duly executed proxy bearing a later date or by attending the meeting and voting in person.

VOTING AT THE MEETING

The close of business on March 31, 1992, has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at the meeting. As of the close of business on the record date, the Company had 5,000,000 shares of common stock authorized, $1.00 par value (the "Stock"), of which 1,058,849 shares were issued and outstanding. Each such outstanding share is entitled to one vote on matters to be presented at the meeting.

OWNERSHIP OF STOCK

Principal Holders of Stock

On March 31, 1992, the Company had 469 shareholders of record. Of these, Gregory S. Junkin was the only beneficial owner of more than five percent (5%) of the outstanding shares of Stock plus exercisable warrants, to the best information and knowledge of the Company.

The organizers of the Company, and its wholly-owned subsidiary, The First Bank of Brunswick (the Bank), hold one warrant for each share purchased in the initial public offering of the Company. These warrants are exercisable at the higher of the initial issue price of the Company's common stock ($5.00 per share) or the Company's book value on the date of exercise. The warrants expire on March 22, 1993.

Exclusive of warrants granted to Organizers in the initial stock offering, the stockholders of the Company, at their 1991 annual meeting, approved a Management and Employee Incentive Stock Option Plan, and a Management and Employee Nonstatutory Stock Option Plan. Under the 1991 Incentive Stock Option Plan, 48,500 options were granted by the Board of Directors, including 20,000 for the Chief Executive Officer, 15,000 for the Senior Lending Officer, 7,500 for the Controller, 3,000 for the Associate Lender, and 3,000 for the Office Manager. Options granted under the 1991 Incentive Stock Option Plan will vest at a rate of 20% per year if certain performance criteria are met. These criteria consist of return on asset objectives. However, notwithstanding the return on asset objectives, all granted options will become automatically vested for all participants who are still employed with the Bank or Company at such time that the Company is acquired, or on the seventh anniversary of the grant date, May 20, 1998.

If all the holders of the Company's warrants had exercised their warrants, and all the employees had exercised their vested stock options, as of March 31, 1992, Mr. Junkin would have been the only beneficial owner of more than five percent (5%) of the Company's voting securities.

Table of Beneficial Ownership

Title of Class Class[2]	Name and Address of Beneficial Owner[1]	Amount and Nature of Beneficial Ownership	Percent
Common Stock	Gregory S. Junkin 200 Plantation Chase St. Simons Island, Georgia 31522	110,000 shares	8.54%

Stock Owned by Management

The following table sets forth the number and percentage ownership of shares of stock beneficially owned by each director of the Company, as well as directors of its subsidiary Bank, and by all directors and executive officers of the Company and the Bank as a group, as of March 31, 1992. Unless otherwise indicated, each person is the record owner of and has sole voting and investment power over his or her shares.

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[1] Information relating to beneficial ownership of common stock is based upon beneficial ownership concepts set forth in rules of the SEC under Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Act"). Under such rules, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or direct the disposition of such security. A person is also deemed to be a beneficial owner of any security of which that person has the right to acquire beneficial ownership within sixty (60) days. Under the rules, more than one person may be deemed to be a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which he has no beneficial interest. For instance, beneficial ownership includes spouses, minor children and other relatives residing in the same household, and trusts, partnerships, corporations or deferred compensation plans which are affiliated with the principal.

[2] The percentages are based on 1,058,849 shares outstanding as of the date of this document plus 218,960 shares which could be acquired by directors or organizers of the Company through the exercise of warrants, plus 9,700 shares which could be acquired by Company or subsidiary officers through the exercise of stock options. This totals 1,287,509 shares.

Stock Owned by all Directors and Executive Officers, Individually and as a Group (13 persons)

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent Class
Common Stock	C. Ray Acosta 1, 7	33,250	2.58
Common Stock	Laura J. Bonds 2, 8	5,500	.43
Common Stock	Oscar B. Covington 7	20,000	1.55
Common Stock	James M. Fiveash 3, 7	57,000	4.43
Common Stock	Donna H. Gowen 8	5,500	.43
Common Stock	L. McRee Harden 4, 7	23,000	1.79
Common Stock	Michael D. Hodges 8	14,000	1.09
Common Stock	Russell C. Jacobs, Jr. 7	20,000	1.55
Common Stock	Gregory S. Junkin 7	110,000	8.54
Common Stock	C. Kermit Keenum 7	20,000	1.55
Common Stock	Paul D. Lockyer 7, 8	24,000	1.86
Common Stock	Jimmy D. Veal 5, 7	64,000	4.97
Common Stock	J. Thomas Whelchel 6, 7	30,020	2.33
	TOTAL	426,270	33.10%

1. Includes 950 shares owned by his wife, 100 shares as custodian for his daughter, Michelle L. Acosta, and 100 shares as custodian for his son, Charles Jason Acosta.
2. Includes 400 shares owned by her husband.
3. Includes 4,000 shares for which he acts as custodian under the Uniform Gifts to Minors Act.
4. Includes 1,000 shares owned by his wife for which he disclaims beneficial ownership.
5. Includes 4,500 shares owned as custodian for his son, Daniel D. Veal, and 4,500 shares as custodian for his son, Zachary T. Veal, both under the Uniform Gifts to Minors Act.
6. Includes 20 shares owned by his daughter for which he disclaims beneficial ownership.
7. Each director of the Company who acted as an organizer of the Company received one warrant to purchase a share of stock for each share of stock purchased by that organizer/director in the Company's initial public offering. The warrants are exercisable at the higher of the Company's book value per share, as of the date of exercise, or the original issue price per share of the Company's stock. The warrants expire on March 23, 1993.
8. Mr. Lockyer, Mr. Hodges, Ms. Bonds, and Ms. Gowen have been granted the right to receive options for each of the Bank's first five years of operation at vesting rates of 4,000, 3,000, 1,500, and 600 shares per year, respectively, assuming the vesting requirements are met. Twenty percent of these options are reflected in the above beneficial ownership table because they are currently exercisable.

Information relating to beneficial ownership of common stock is based upon "beneficial ownership" concepts set forth in rules of the SEC under Section 13(d) of the Securities and Exchange Act of 1934, as amended (the "Act"). Under such rules, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or direct the voting of such security, or "investment power," which includes the power to dispose or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any security of which that person has the right to acquire beneficial ownership within sixty (60) days. Under the rules, more than one person may be deemed to be a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which he has no beneficial interest. For instance, beneficial ownership includes spouses, minor children, and other relatives residing in the same household, and trust, partnerships, corporations, or deferred compensation plans which are affiliated with the principal.

The percentages are based on 1,058,849 shares outstanding as of the date of this document plus 218,960 shares which could be acquired by directors or organizers of the Company through the exercise of warrants, plus 9,700 shares which could be acquired by Company or subsidiary officers through the exercise of stock options. This totals 1,287,509 shares.

ELECTION OF DIRECTORS

Nominees

The Company's bylaws and articles of incorporation provide that the Board of Directors shall consist of not less than 3 nor more than 25 persons, with the exact number to be fixed and determined from time to time by resolution of the Board of Directors, or by resolution of the shareholders at any annual or special meeting of the shareholders. There are presently 10 members of the Board of Directors, and the Board of Directors has voted that the Board consist of 11 members for the Company's ensuing fiscal year. Each director serves for a one year term or until the next Annual Meeting of Shareholders or until his or her successor is duly elected and qualified or until he or she voluntarily resigns. All of the nominees are currently directors of the Company except Michael D. Hodges. If any director is unable to serve as a director, the proxy will be voted for a nominee named by the Board of Directors in his or her stead by those persons named to vote the proxies. The Board of Directors has no reason to believe that any of its present nominees will be unable to serve.

In order to be elected as a director, a nominee must receive at least a majority of the votes cast in the election.

The table set forth below shows for each Company director: the year he was first elected as a director of the Company, any positions and offices held by him with the Company or its subsidiary, other than as a director, and his or her business experience for the last five years. Officers serve at the discretion of the Board.

Nominees for Terms that Expire at the 1993 Annual Meeting

Name	Age	Positions and Offices With Company/Bank and Business Experience
C. Ray Acosta	51	Mr. Acosta has been Treasurer since August 1989 and a director of the Company since April 1987 and a director of the Bank since February 1990. He is a lifelong resident of Glynn County, Georgia. He has worked with Georgia Power Company since 1964 and has been District Manager for the Brunswick District since 1977. He is responsible for the Glynn, McIntosh, and Camden County service areas.
Oscar B. Covington, Jr.	59	Mr. Covington has been a director of the Company since July 1988 and a director of the Bank since February 1990. He first moved to Glynn County, Georgia over 30 years ago. He is presently the Plant Manager of Georgia-Pacific Corporation in Brunswick, with responsibility for 190 manufacturing employees.
James M. Fiveash	60	Mr. Fiveash has been a director of the Company since June 1987 and a director of the Bank since February 1990. He is a native of Glynn County, Georgia. He is retired from Fiveash Company.
L. McRee Harden	36	Mr. Harden has been a director of the Company since July 1988 and a director of the Bank since February 1990. He is a lifelong resident of Glynn County. Mr. Harden is self-employed with interests in three convenience stores, a car wash, a restaurant, and two package stores. Since 1983, he has served as District Manager for Lil' Champ/Jiffy Stores, Inc., with responsibility for 70 convenience stores in Georgia and approximately 450 employees.

Name	Age	Positions and Offices With Company/Bank and Business Experience
Michael D. Hodges	38	Mr. Hodges has been a director of the Bank since June 1990. He is also Senior Vice President of the Bank with principal responsibilities for all lending functions. Prior to his employment with the Bank, he was Vice President and Regional Manager for Georgia Federal Bank, FSB, from August 1987 until June 1990. His principle responsibility was the management of all of Georgia Federal's operations in the Glynn County area.
Russell C. Jacobs, Jr.	56	Mr. Jacobs has been a director of the Company since July 1988 and a director of the Bank since February 1990. He has lived in Glynn County for over 25 years. Mr. Jacobs is self-employed as an agent for the Equitable Financial Companies, and as a registered representative with Equico Securities, Inc. Mr. Jacobs holds both the Chartered Life Underwriter ("CLU") and Chartered Financial Consultant ("CHFC") designations.
Gregory S. Junkin	50	Mr. Junkin has been Chairman and Chief Executive Officer since March 1987, and a director of the Bank since February 1990. He is currently a resident of Sea Island, Georgia. He has been involved in the investment business for 30 years. From 1961 until 1965, Mr. Junkin held various positions with the Department of Member Firms of the New York Stock Exchange, Inc. In 1965, Mr. Junkin joined Reynolds Securities, Inc., the predecessor firm to Dean Witter Reynolds, Inc., where he held various compliance, sales and management positions until 1973. Mr. Junkin joined The Balcor Company, a national real estate investment company, in 1973, the year it was founded. He was a principal of the company, which was sold to a subsidiary of American Express

Name	Age	Positions and Offices With Company/Bank and Business Experience
Gregory S. Junkin (continued)		Company in 1982. Mr. Junkin was Vice Chairman of the company until February 1987, at which time he became a consultant to the company. He remained in that capacity until the expiration of his employment contract in January 1988.
C. Kermit Keenum	56	Mr. Keenum has been a director of the Company since July 1988 and a director of the Bank since February 1990. He was the superintendent of the Glynn County School System from 1980 to 1989 and the superintendent of the Cobb County School System in metropolitan Atlanta from 1989 to 1992. Mr. Keenum is currently a consultant.
Paul D. Lockyer	40	Mr. Lockyer has been Senior Vice President, and Principal Financial and Accounting Officer since September 1988, and a director of the Company since December 1987. He has also been President, Chief Executive Officer, and a director of the Bank since February 1990. He was employed from 1981 through 1987 by First Union National Bank of Georgia and its predecessor, First Georgia Bank. He held positions of increasing responsibility and ultimately served as Group Vice President in charge of banking operations for Gwinnett and DeKalb Counties in metropolitan Atlanta.
Jimmy D. Veal	43	Mr. Veal has been a director of the Company since May 1987, Secretary of the Company since June 1991, and a director of the Bank since February 1990. He has been a resident of Glynn County, Georgia for 15 years. He is the Secretary/Treasurer of Motel Properties, Inc., a corporation that owns and operates two motels on Jekyll and one on the mainland of Glynn County.

Name	Age	Positions and Offices With Company/Bank and Business Experience
J. Thomas Whelchel	56	Mr. Whelchel has been President and a director of the Company since July 1988 and Chairman and a director of the Bank since February 1990. He is a senior partner in the Brunswick law firm of Whelchel, Brown, Readdick and Bumgartner, which has provided counsel to the Company and the Bank during the fiscal year. He has been a resident of Glynn County, Georgia, for the past 25 years. Mr. Whelchel acts regularly, under special appointment by the Attorney General of Georgia, as Special Deputy Attorney General on matters involving various state agencies in Southeast Georgia.

MEETINGS AND COMMITTEES

During the calendar year ended December 31, 1991, the Board of Directors of the Company held four meetings. During the same period, the Board of Directors for the Bank held regular monthly meetings and one special meeting. Mr. Covington attended 64% of the aggregate meetings of the Boards of Directors and the committees of the Boards on which he served. Mr. Keenum attended 59% of the same. All other directors attended at least 75%.

The Board of Directors of the Company currently has no committees which function on an active basis because the business activities of the Company primarily relate to the operation of the Bank. The Board of Directors of the Bank, however, has established five (5) committees which include Audit and Compensation.

Committees for the Company and the Bank are appointed by their respective chairman. Neither the Company nor the Bank has a standing nominating committee for Board members.

Bank Audit Committee: L. McRee Harden, Chairman; Oscar B. Covington, Jr.; and Russell C. Jacobs, Jr.

The Committee held two meetings during 1991. Both meetings had 100% attendance.

Bank Compensation Committee: Russell C. Jacobs, Jr., Chairman; Gregory S. Junkin; and Jimmy D. Veal

The Compensation Committee administers the compensation program for the executive officers of the Bank and reviews and approves personnel policies. The committee had one meeting during 1991. All members attended.

No member of the Company or Bank Board or any Company or Bank committee has received any compensation for his/her duties as a board or committee member. Furthermore, both the Bank and Company Boards have passed resolutions disallowing the payment of director or committee fees until such time as both the Bank and Company are cumulatively profitable.

CERTAIN LITIGATION

No director, officer, or affiliate of the Company, nor any beneficial owner of more than 5% of any of the common stock of the Company, nor any associate of any such director, officer, affiliate, nor security holder, is a party to any material proceeding adverse to the Company or the Bank or has a material interest adverse to the Company or the Bank. No director of the Company is a director of any other company with a class of securities registered with the Securities and Exchange Commission pursuant to

Section 12 of the Exchange Act or subject to the requirements of Section 15(3) of such act or any company registered as an investment company under the Investment Company Act of 1940.

There are no pending legal proceedings of a material nature to which the Company or its subsidiaries are a party or to which any of the property is subject. No director, director-nominee, or executive officer of the Company is a party to any material legal proceedings.

CERTAIN TRANSACTIONS

During 1991, the Company and its subsidiary paid Whelchel, Brown, Readdick and Bumgartner $2,385 for legal services. J. Thomas Whelchel, a director of the Company, is a senior partner in that firm.

The First Bank of Brunswick, a wholly-owned subsidiary of the Company, has made loans in the ordinary course of its business to officers and directors of the Company, and also to their relatives, spouses, and entities in which they may have had an interest. Each of these loans has been made in strict compliance with state and federal statutes and rules and regulations of the Federal Deposit Insurance Corporation and the Georgia Department of Banking and Finance. As of December 31, 1991, certain executive officers and directors, and companies in which they have a 10% or more beneficial interest, were indebted to the Bank in the aggregate amount of $2,184,880. Each of these loans was made in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectibility or present other unfavorable features.

EXECUTIVE OFFICERS

The following lists each executive officer of the Company and Bank, including the person's name, his/her age at the time of issuance of this proxy, the year he/she was first elected as an officer of the Company or Bank, and his/her present position with the Company or Bank.

Gregory S. Junkin - Mr. Junkin is 50 years old. He has been Chairman, Chief Executive Officer, and a director of the Company since March 1987, and a director of the Bank since February 1990. He has been involved in the investment business for 30 years. Mr. Junkin joined The Balcor Company, a national real estate investment company, in 1973, the year it was founded. He was a principal of the company, which was sold to a subsidiary of American Express Company in 1982. Mr. Junkin was Vice Chairman of The Balcor Company until February 1987, at which time he became a consultant to the company. He remained in that capacity until the expiration of his employment contract in January 1988. Mr. Junkin has been President of Junkin & Associates, Inc. since September 1984.

J. Thomas Whelchel - Mr. Whelchel is 56 years old. He has been President and a director of the Company since July 1988, and Chairman and a director of the Bank since February 1990. He is a senior partner in the Brunswick law firm of Whelchel, Brown, Readdick and Bumgartner. He has been a resident of Glynn County, Georgia, for the past 25 years. Mr. Whelchel acts regularly, under special appointment by the Attorney General of Georgia, as Special Deputy Attorney General, on matters involving various state agencies in Southeast Georgia.

Paul D. Lockyer - Mr. Lockyer is 40 years old. He has been Senior Vice President, and Principal Financial and Accounting Officer since September 1988, a director of the Company since December 1987 and President, Chief Executive Officer, and a director of the Bank since February 1990. He was employed from 1981 through 1987 by First Union National Bank of Georgia and its predecessor, First Georgia Bank. He held positions of increasing responsibility and ultimately served as Group Vice President in charge of banking operations for Gwinnett and DeKalb Counties in metropolitan Atlanta.

Michael D. Hodges - Mr. Hodges is 38 years old. He has been Senior Vice President and a director of the Bank since July 1990. He is a native of Glynn County, Georgia. Prior to joining the Bank, he was the Senior Officer of Georgia Federal Bank's Southeast Georgia operations.

Laura J. Bonds - Ms. Bonds is 31 years old. From February 1989 through August 1989, she served as a consultant to the Company, and has been Vice President of the Company since August 1989 and Vice President and a director of the Bank since February 1990. From 1984 through 1988, she was a commissioned Bank Examiner with the Federal Deposit Insurance Corporation in Houston, Texas.

Donna H. Gowen - Ms. Gowen is 29 years old. She has been a lender with the Bank since July 1990 and Vice President of the Bank since August 1991. Prior to joining the Bank, she was an Assistant Vice President and lending officer with Georgia Federal Bank.

SHAREHOLDER PROPOSALS

Any proposal which an eligible shareholder wishes to have presented at the next Annual Meeting of Shareholders, expected to be held in May 1993, must be received in the Company headquarters, 2812 Cypress Mill Road, Brunswick, Georgia 31520, no later than December 22, 1992. If such proposal is in compliance with all of the requirements of Rule 14a-8 of the Securities Exchange Act of 1934, as amended, it will be included in the Proxy Statement and set forth on the form of proxy issued for the next Annual Meeting of Shareholders. It is suggested that any such proposals be sent by certified mail, return receipt requested.

ACCOUNTING MATTERS

Prior to 1990, the Company's financial statements were audited by Francis & Company of Atlanta, Georgia. Beginning in 1990, because of a desire of the Company's board to do business with a local firm, the audit for the Company was awarded to DeLoach & Company of Brunswick, Georgia, and their affiliate, Moore Stephens. The opinion letter for the 1990 audit was issued by Moore Stephens. In 1991, the opinion letter for the Company's audit was issued by DeLoach & Company. Accountants' opinions for all years of the Company's operation were issued on an unqualified basis. Management had no material disagreements with Francis & Company, Moore Stephens, or DeLoach & Company, for any of the years of the Company's operation, on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure or reportable events.

FORM 10-K

Upon receipt of a written request, the Company will, without charge, furnish any owner of common stock a copy of its annual report to the Securities and Exchange Commission on Form 10-K for the fiscal year ended December 31, 1991, including financial statements and the schedules thereto. Copies of exhibits to the Form 10-K are also available upon specific request and payment of a reasonable charge for reproduction. Such requests should be directed to: Jimmy D. Veal, Secretary, 2812 Cypress Mill Road, Post Office Box 160, Brunswick, Georgia 31521.

OTHER MATTERS

The Board of Directors of the Company know of no other matters which may be brought before the Annual Meeting. If, however, any matter other than those previously disclosed, should properly come before the Annual Meeting, votes will be cast pursuant to the proxies in accordance with the best judgment of the proxy holders.

EXPENSES AND SOLICITATION OF PROXIES

All expenses of the proxy solicitation will be paid directly or indirectly by the Company. In addition to solicitation by mail, certain directors, officers, and regular employees of the Company and the Bank may solicit proxies by telephone, telegram, fax, or personal interview for which they will receive no compensation in addition to their regular salaries. The Company may request brokerage houses and custodians, nominees and fiduciaries, to forward soliciting material to the beneficial owners of the stock held of record by such persons, and if requested, will reimburse them for their reasonable expenses in connection therewith.

EXHIBIT 23(b)

GOLDEN ISLES FINANCIAL HOLDINGS, INC.
Post Office Box 160
2812 Cypress Mill Road
Brunswick, Georgia 31521

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS:

(1) The Board of Directors recommends a vote **FOR** the election of the following nominees to the Board of Directors:

__________ **FOR** all nominees listed below (except as marked to the contrary below).

__________ **WITHHOLD AUTHORITY** to vote for all nominees listed below.

C. Ray Acosta
Oscar B. Covington, Jr.
James M. Fiveash
L. McRee Harden
Michael D. Hodges
Russell C. Jacobs, Jr.
Gregory S. Junkin
C. Kermit Keenum
Paul D. Lockyer
Jimmy D. Veal
J. Thomas Whelchel

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), write the name(s) of such nominee(s) in the space provided below:

____

The undersigned hereby appoints Gregory S. Junkin and J. Thomas Whelchel, and both of them, with full power of substitution, to represent and vote as designated herein at the annual meeting of shareholders of Golden Isles Financial Holdings, Inc., to be held Monday, May 11, 1992, at 10:15 a.m., local time, at the Ramada Inn on Highway 17, Brunswick, Georgia, and at any adjournment or postponement thereof, with all the powers (other than the power to revoke the proxy or vote in a manner not authorized by the exceeded form of proxy) which the undersigned would have if personally present at such meeting, to act in their discretion upon any other matter or matters which may properly be brought before the meeting, and to appear and vote all the shares of common stock which the undersigned may be entitled to vote. The undersigned hereby acknowledges receipt of the annual report of the Company for the fiscal year ended December 31, 1991, and the notice of annual meeting and proxy statement of the Company for the above-mentioned annual meeting of shareholders.

UNLESS OTHERWISE MARKED, THIS PROXY WILL BE VOTED AS IF MARKED FOR ALL NOMINEES LISTED IN (1) ABOVE.

DATE: ______________________________, 1992

INDIVIDUALS:

____
Name (Please Print)

____
Signature

____
Name of Joint Tenant or
Tenant-in-Common, if any
(Please Print)

____
Signature of Joint Tenant or
Tenant-in-Common, if any
(Please Print)

ENTITIES:

____

____
(Please Print)

BY:

____
Signature

____
Position

EXHIBIT 28

GOLDEN ISLES FINANCIAL HOLDINGS, INC.
Post Office Box 160
2812 Cypress Mill Road
Brunswick, Georgia 31521

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

May 11, 1992

TO: The Shareholders of Golden Isles Financial Holdings, Inc.

Notice is hereby given that the annual meeting of shareholders (the "annual meeting") of Golden Isles Financial Holdings, Inc. (the "Company") will be held at the Ramada Inn on Highway 17, Brunswick, Georgia, on Monday, May 11, 1992, at 10:15 a.m., local time, for the following purposes:

(1) To elect eleven (11) directors for a term of one (1) year.

(2) To transact any other business that may properly come before the annual meeting or any adjournment or postponement thereof.

The close of business on March 31, 1991, has been fixed as the record date for the determination of shareholders entitled to notice of, and to vote at, the annual meeting or any adjournment or postponement thereof. Only shareholders of record at the close of business on the record date are entitled to notice of, and to vote at, the annual meeting.

SHAREHOLDERS MAY RECEIVE MORE THAN ONE PROXY BECAUSE OF SHARES REGISTERED IN DIFFERENT NAMES OR ADDRESSES. Each such proxy should be marked, dated, signed and returned. Please check to be certain of the manner in which your shares are registered -- whether individually, as joint tenants, or in a representative capacity -- and sign the related proxy accordingly.

A complete list of shareholders entitled to vote at the annual meeting will be available for examination by any shareholder, for any purpose germane to the annual meeting, during normal business hours, for a period of at least ten (10) days prior to the annual meeting, at the Company's corporate offices located at the address set forth above.

You are cordially invited to attend the annual meeting. Whether or not you plan to do so, please mark, date and sign the enclosed proxy and mail it promptly in the enclosed postage-paid, self-addressed envelope. Returning your proxy does not deprive you of your right to attend the annual meeting and to vote your shares in person.

More detailed information regarding the matters to be acted upon at the annual meeting is contained in the proxy statement accompanying this notice.

By Order of the Board of Directors

GREGORY S. JUNKIN
Chairman and Chief Executive Officer

Brunswick, Georgia
April 21, 1992

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

(X) Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 1992

OR

G 92-2246

( ) Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from ......to......

Commission File Number 0-18924

IMPLANT TECHNOLOGY, INC.
(exact name of Registrant as specified in its Charter)

New Jersey
State or other jurisdiction of incorporation or organization

22-2615498
IRS Employer Identification Number

400 Plaza Drive, Secaucus, New Jersey
(Address of Principal Executive Offices)

07094
(Zip Code)

Registrant's Telephone Number, including Area Code (201)866-7701

Indicate by check mark whether the registrant (1) filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such report(s), and (2) has been subject to such filing requirements for the past ninety days.

YES X NO ____

Indicate the number of shares outstanding of each of the Issuer's classes of Common Stock, as of the latest practicable date.

Class	Issued and Outstanding at May 13, 1992
Common Stock, $.01 par value	6,344,396

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IMPLANT TECHNOLOGY, INC.

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	Item 2.	Changes in Securities	Not Applicable
	Item 3.	Defaults Upon Senior Securities	Not Applicable
	Item 4.	Submission of Matters to a Vote of Security Holders	Not Applicable
	Item 5.	Other Information	Not Applicable

Item 6 - Exhibits and Reports on Form 8-K
(a) Exhibits: None
(b) Reports on Form 8-K: None filed for the period covered by this report

IMPLANT TECHNOLOGY, INC.

BALANCE SHEET

ASSETS	March 31, 1992 (unaudited)	December 31, 1991
Current assets:		
Cash and cash equivalents	$ 48,000	$ 48,000
Accounts receivable (net of allowance of $96,567 at March 31, 1992 and December 31, 1991	979,919	1,019,087
Inventory (Note 2)	2,229,023	2,249,780
Prepaid expenses	136,228	147,720
Total current assets	3,393,170	3,464,587
Furniture, machinery and equipment	886,191	881,291
Less accumulated depreciation	<594,041>	<561,238>
	292,150	320,053
Long-term inventory (Note 2)	680,160	677,392
Other assets	11,255	10,355
	$ 4,376,735	$ 4,472,387

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 1992 (unaudited)	December 31, 1991
Current liabilities:		
Accounts payable	$ 1,795,192	$ 1,742,757
Accrued liabilities	379,975	410,623
Accrued royalties	205,215	134,635
Notes payable	500,000	500,000
Total current liabilities	$ 2,880,382	$ 2,788,015
Commitments		
Stockholders' equity		
Common stock, $.01 par value, 20,000,000 shares authorized, 6,349,196 and 6,324,196 shares issued at March 31, 1992, and December 31, 1991, respectively	63,492	63,242
Paid-in capital	14,224,384	14,222,741
Accumulated deficit	<12,303,361>	<12,113,449>
Less treasury stock, 4,800 shares at cost	<48>	<48>
Less stockholders'notes receivable	<488,114>	<488,114>
Total stockholders' equity	$ 1,496,353	$ 1,684,372
	$ 4,376,735	$ 4,472,387

See accompanying Notes.

IMPLANT TECHNOLOGY, INC.

STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	1992	1991
Net Sales:		
Implant devices	$ 773,015	$ 700,193
Instrumentation equipment	25,842	22,660
	$ 798,857	$ 722,853
Cost of Sales:		
Implant devices	188,928	235,308
Instrumentation equipment	25,811	20,918
	214,739	256,226
Gross Profit	584,118	466,627
Expenses:		
Sales and marketing	98,687	235,364
General and administrative	357,567	389,408
Research & development	59,817	78,114
Royalty expenses	70,580	66,984
Distributor commission expense	179,673	151,555
	766,324	921,425
Loss from operations	<182,206>	<454,798>
Interest expense	<19,326>	< 2,068>
Interest income	11,620	33,363
Net loss	$<189,912>	$<423,503>
Net loss per share	$< .03>	$< .07>

See accompanying Notes.

IMPLANT TECHNOLOGY, INC.

STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

Year Ended December 31, 1991 and Three Months Ended March 31, 1992

	Common Stock	Paid-in Capital	Accumulated Deficit	Treasury Stock	Stockholders' Notes Receivables	Total Stockholders' Equity
Balance, December 31, 1990	$61,442	$14,188,166	$<10,092,806>	$ <48>	$ <488,114>	$3,668,640
Exercise of common stock option	50	3,700				3,750
Issuance of common stock for loan fee	1,750	30,875				32,625
Net Loss			<2,020,643>			<2,020,643>
Balance, December 31, 1991	63,242	14,222,741	<12,113,449>	<48>	<488,114>	1,684,372
Issuance of common stock for consulting services	250	1,643				1,893
Net Loss			<189,912>			<189,912>
Balance, March 31, 1992	$63,492	$14,224,384	$<12,303,361>	$ <48>	$ <488,114>	$1,496,353

See Accompanying Notes.

IMPLANT TECHNOLOGY, INC.

STATEMENTS OF CASH FLOWS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	1992	1991
Cash flows from operating activities:		
Cash received from customers	$ 844,824	$ 676,274
Interest collected	1,074	32,674
Interest paid	<5,327>	<2,068>
Cash paid to suppliers, employees and consultants	<663,513>	<1,326,531>
Royalties paid		<124,492>
Commissions paid	<172,158>	<164,219>
Net cash used in operating activities	4,900	<908,362>
Cash flows from investing activities:		
Purchases of furniture, machinery and equipment	<4,900>	<86,969>
Net cash used in investing activities	<4,900>	<86,969>
Cash flows from financing activities:		
Principal payments under capital lease obligation		<1,320>
Proceeds from borrowings		200,000
Repayment of borrowings		<200,000>
Proceeds from exercise of common stock options		3,750
Net cash provided by financing activities	-	2,430
Net decrease in cash and cash equivalents	-	<992,901>
Cash and cash equivalents at beginning of period	48,000	1,476,618
Cash and cash equivalents at end of period	$ 48,000	$ 483,717

See accompanying Notes.

IMPLANT TECHNOLOGY, INC.
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	1992	1991
Reconciliation of net loss to net cash used in operating activities:		
Net loss	<$189,912>	<$423,503>
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	32,801	36,796
Consulting fee paid through issuance of stock	1,893	
(Increase) decrease in accounts receivable	39,168	<40,645>
(Increase) decrease in inventories	17,989	<70,205>
Increase (Decrease) in accounts payable	52,435	<166,808>
(Decrease) increase in accrued liabilities	39,934	<219,955>
(Increase) decrease in prepaid expenses and other assets	10,592	<24,042>
Total adjustments	194,812	<484,859>
Net cash used in operating activities	4,900	<908,362>

See accompanying Notes.

IMPLANT TECHNOLOGY, INC.

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Note 1 - Basis of Presentation:

The balance sheet at the end of the preceding fiscal year has been derived from the audited balance sheet contained in the Company's Form 10-K and is presented for comparative purposes. All other financial statements are unaudited. In the opinion of management, all adjustments which include only normal recurring adjustments and accruals necessary to present fairly the financial position, results of operations, changes in stockholders' equity and cash flows for all periods presented have been made. The results of operations for the interim period presented is not necessarily indicative of the operating results for the full year.

Footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles has been omitted in accordance with the published rules and regulations of the Securities and Exchange Commission. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-K for the most recent fiscal year.

Note 2 - Inventory

The Company records inventory at the lower of FIFO (first-in, first-out) cost or market. Inventory at March 31, 1992 and December 31, 1991 consists of the following:

	March 31, 1992	December 31, 1991
Work in Process	$ 836,308	$ 841,563
Finished Goods	1,693,482	1,697,083
Instrumentation	379,393	388,526
	2,909,183	$2,927,172
Less: Long Term Portion	<680,160>	<677,392>
	$2,229,023	$2,249,780

As March 31, 1992 and December 31, 1991, the Company carried a certain amount of inventory which is not expected to be sold within the subsequent 12 months. Management believes such levels of inventory are necessary for purposes of marketing its products. The portion of inventory not expected to be sold within the following 12 month period has been classified as long-term.

IMPLANT TECHNOLOGY, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

Results of Operations

Net sales for the first quarter of 1992 increased 10.5% to approximately $799,000 from approximately $723,000 for the first quarter of 1991. The implementation of a price increase in October 1991 is a primary factor contributing to the increase in net sales.

Gross profit, as a percentage of sales, increased from 64.6% in the first quarter of 1991 to 73.1% in the first quarter of 1992. The aforementioned price increase and lower prices from several inventory vendors resulted in decreased production costs. This was partially offset by cost increases associated with support personnel.

Sales and marketing expenses decreased approximately $136,000, or 57.9%, from approximately $235,000 in the first quarter of 1991 to approximately $99,000 in the first quarter of 1992. Salaries and travel and entertainment expenses of two employees no longer with the Company decreased approximately $61,000; while marketing and advertising expenses decreased approximately $71,000.

Commission and royalty expenses increased in the first quarter of 1992 over the first quarter of 1991 principally as a result of the price increase.

Interest expense increased by approximately $17,000. The Company has a $500,000 note outstanding in the first quarter of 1992. In the first quarter 1991, the company had no debt. Interest income decreased by approximately $22,000. The Company was investing the balance of the December 1990 public offering during the first quarter of 1991. In the first quarter of 1992, the Company had no such investments.

As a result of the above, net loss for the first quarter of 1992 decreased to approximately $190,000 ($.03 per share) from approximately $424,000 ($.07 per share) in the first quarter of 1991.

Liquidity and Capital Resources

The Company has a significant investment in inventory ($2,909,000) as of March 31, 1992 of which approximately $836,000 is work in process which will require the spending of additional sums to complete. The Company's inventory mix consists of varying sizes of femoral stems, hip sockets and related implant components to allow the orthopaedic surgeon flexibility during the implant procedure. As a result, each of the sales agents engaged by the Company is supplied, on a consignment basis, with multiple complete sets of each of the Company's hip implant systems in each size available. In addition, since many decisions relating to the size and component selection of the implant are made during the course of the surgical procedure, the sales agents must have certain duplicate components of the Company's hip implant devices available during the surgery. Consequently, the company is required to maintain a substantial inventory investment, which is largely proportional to the size of its sales force. Additional inventory is maintained in a central location. The Company's implant production lead time, which ranges from 6 to 22 weeks, also necessitates an investment in a substantial work-in-process inventory.

Under certain long term employment and Consulting Agreements, to which the Company is a party, aggregate payments are required for approximately $467,000 per annum.

On June 28, 1991, the Company issued a 12% $500,000 short-term note to an investor. The principal amount of the note, plus all accrued interest, was due on November 30, 1991. As of the end of the third quarter 1991, the funds provided by the note have been utilized in the Company's operations.

Additionally, the Company has not been current in payment of interest on this note since September 1991 and, accordingly, the note may be considered to be in default. The note is collateralized by certain assets of the Company including its inventory and instrumentation. The Company believes it will be able to negotiate a reasonable repayment schedule concurrent with the completion of a new financing.

The Company has approximately $2,382,000 in accounts payable and accrued expenses at March 31, 1992. Current monthly cash receipts are at a level that allows the Company to pay all necessary operating costs (i.e. payroll, commissions, royalties, insurance, etc.). However, due to lack of further financing, the Company has had to delay payment to many vendors, the most valuable of these vendors as a group being the inventory vendors. At March 31, 1992, inventory vendor payables were approximately $1,093,000. The Company's management has been in contact with all such vendors. Some of the vendors are continuing to ship product to the Company without payment. Other vendors are shipping on a modified payment plan, however, there are certain vendors that have halted any further business dealings with the

Company until all past due balances are resolved. In instances where the Company does not have a required product in inventory, intra-agent inventory transfers have been accomplished, although there have been several instances where the Company has incurred a stockout on an inventory item and, therefore, suffered lost sales due to the stockout. The Company believes it will be able to negotiate a reasonable payment plan with its trade creditors concurrent with new financing.

The Company is in the process of exploring various solutions to its liquidity problem. The Company is having discussions with certain potential investors with a view to a completion of a private placement which could effectively result in a change of control. In addition, the Company continues to explore the possibility of a sale of either the Company or its technology. No assurances can be given that either of the aforementioned courses of action can be completed satisfactorily. If the Company does not obtain additional funding it will not be able to remain in business.

The Company has tax net operating loss carryforwards of approximately $11,500,000 at December 31, 1991, which will expire in the years 2001 to 2006.

As a result of the change of ownership in 1990, utilization of the Company's net operating loss carryforwards in future years will be subject to an annual limitation under Section 382 of the Internal Revenue Code of 1986. Based on the fair value of the Company as of December 31, 1990, the annual limitation is approximately $440,000.

The Company has considered the possible effects of the implementation of recently issued accounting standards contained in FASB Nos. 106, 107 and 109 which it is not required to adopt until future dates, and it believes their impact to be negligible.

PART II

Item 1.	Legal Proceedings	Not Applicable
Item 2.	Changes in Securities	Not Applicable
Item 3.	Defaults Upon Senior Securities	Not Applicable
Item 4.	Submission of Matters to a Vote of Security Holders	Not Applicable
Item 5.	Other Information	Not Applicable
Item 6.	Exhibits and Reports of Form 8-K	
	(a) Exhibits:	None
	(b) Reports of Form 8-K	None filed for the period covered by this report

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

IMPLANT TECHNOLOGY, INC.

Registrant

Date: May 13, 1992 By: ______________________

Mark Auerbach, President
and Chief Executive Officer
and Chief Financial Officer

Date: May 13, 1992 By: ______________________

John E. Walsh
Assistant Controller
and Principal Accounting
Officer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter ended March 31, 1992

Commission File Number 33-27974-A

MagneTech Corporation
(Exact name of Registrant as specified in its Charter)

DELAWARE
(State of incorporation)

65-0014636
(I.R.S. Employer Identification No.)

3941 SW 47TH AVENUE
FT. LAUDERDALE, FLORIDA
(Address of principal executive offices)

33314
(Zip code)

Registrant's telephone number (305)791-6711

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 month (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO __

As of March 31, 1992 there were 29,863,785 shares of common stock outstanding.

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MAGNETECH CORPORATION

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FORM 10-Q

MAGNETECH CORPORATION
BALANCE SHEETS

Item 1. Financial Statements

ASSETS	March 31, 1992 UNAUDITED	June 30, 1991 AUDITED
CURRENT ASSETS		
Cash and Cash Equivalents	$ 541,177	$ 858,649
Note Receivable, Trade, Note 5	55,000	75,000
Accounts Receivable, Net of allowance for doubtful accounts	556,766	552,709
Inventories, Note 1	904,254	1,083,677
Loans Receivable, Officers, Note 4	19,017	33,849
Prepaid Expenses	44,910	18,766
Prepaid Income Taxes	-0	9,000
TOTAL CURRENT ASSETS	2,121,124	2,631,650
PROPERTY, PLANT AND EQUIPMENT, Note 2	1,685,217	1,355,248
DUE FROM S.O.I. INDUSTRIES, INC.	119,013	-0
OTHER ASSETS - Deposits	5,737	5,737
TOTAL ASSETS	$3,931,091	$3,992,635

See notes to financial statements.

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FORM 10-Q
MAGNETECH CORPORATION
BALANCE SHEETS

	March 31, 1992 UNAUDITED	June 30, 1991 AUDITED
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade Accounts Payable	$ 94,469	$202,074
Accrued Liabilities	6,841	11,106
Federal and State Income Taxes Payable	76,403	-0
TOTAL CURRENT LIABILITIES	177,713	213,180
DUE TO S.O.I. INDUSTRIES, INC.	-0	429,736
DEFERRED INCOME TAXES PAYABLE, Note 1	87,000	87,000
STOCKHOLDERS' EQUITY		
80,000,000 shares of Common Stock, $.000025 par value per share authorized; issued March 31, 1992 - 29,863,785 issued June 30, 1991 - 30,139,996	747	754
Additional paid-in capital	2,769,927	2,612,588
Retained earnings	895,704	649,377
TOTAL STOCKHOLDERS' EQUITY	3,666,378	3,262,719
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$3,931,091	$3,992,635

See notes to financial statements.

FORM 10-Q
MAGNETECH CORPORATION
STATEMENTS OF INCOME
(UNAUDITED)

	Nine Months Ended March 31,	
	1992	1991
SALES, Net	$3,732,395	$ 2,462,450
COST OF GOODS SOLD (exclusive of items shown separately below)	2,628,975	1,743,628
GROSS PROFIT	1,103,420	718,822
SELLING EXPENSES	208,910	159,495
GENERAL AND ADMINISTRATIVE EXPENSES (exclusive of depreciation and amortization shown separately below)	298,684	152,866
DEPRECIATION AND AMORTIZATION	225,000	157,500
OPERATING PROFIT	370,826	248,961
OTHER INCOME	22,040	30,725
INCOME BEFORE PROVISION FOR INCOME TAXES	392,866	279,686
PROVISION FOR INCOME TAXES	146,539	102,000
NET INCOME	$ 246,327	$ 177,686
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING	30,011,166	29,234,653
EARNINGS PER SHARE	$ .01	$ .01

See notes to financial statements.

FORM 10-Q
MAGNETECH CORPORATION
STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended March 31,	
	1992	1991
SALES, Net	$ 1,308,359	$ 971,242
COST OF GOODS SOLD (exclusive of items shown separately below)	875,867	732,003
GROSS PROFIT	432,492	239,239
SELLING EXPENSES	71,403	62,521
GENERAL AND ADMINISTRATIVE EXPENSES (exclusive of depreciation and amortization shown separately below)	138,104	67,236
DEPRECIATION AND AMORTIZATION	75,000	52,500
OPERATING PROFIT	147,985	56,982
OTHER INCOME	2,658	7,106
INCOME BEFORE PROVISION FOR INCOME TAXES	150,643	64,088
PROVISION FOR INCOME TAXES	56,539	20,000
NET INCOME	$ 94,104	$ 44,088
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING	30,011,166	29,234,653
EARNINGS PER SHARE	$ .00	$ .00

See notes to financial statements.

FORM 10-Q
MAGNETECH CORPORATION
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended March 31, 1992		Nine Months Ended March 31, 1991	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income		$ 246,327		$ 177,686
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities				
Depreciation and Amortization	$ 225,000		$ 157,500	
Change in Marketable Securities	-0-		33,045	
Change in Accounts Receivable	(4,057)		(352,791)	
Change in Inventories	179,423		85,819	
Change in Prepaid Expenses	(26,144)		(11,290)	
Change in Loans Receivable, Officer	14,832		(5,909)	
Change in Note Receivable	20,000		-0-	
Change in Accounts Payable	(107,605)		224,864	
Change in Accrued Liabilities	(4,265)		2,773	
Change in Income Taxes Payable and Deferred Taxes	85,403		(43,562)	
Total Adjustments		382,587		90,449
Net Cash Provided (Used) in Operating Activities		628,914		268,135
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures for Acquisition of Property, Plant and Equipment	(554,969)		(203,042)	
Change in Other Assets	-0-		(1,650)	
Total from Investing Activities		(554,969)		(204,692)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of Due To/From Parent Company	(548,749)		(283,175)	
Proceeds from Issuance of Common Stock	157,332		335,199	
Total from Financing Activities		(391,417)		52,024
INCREASE (DECREASE) IN CASH		(317,472)		115,467
Cash at Beginning of Period		858,649		675,641
Cash at End of Period		$ 541,177		$ 791,108

Note - "Cash refers to cash and cash equivalents.
See notes to financial statements.

MAGNETECH CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. History of Company – The Company was incorporated on November 12, 1987, under the laws of the State of Delaware, as a wholly-owned subsidiary of S.O.I. Industries, Inc., (the "Parent Company") and was authorized to issue 10,000 shares of $.01 par voting common stock On January 30, 1989 the Parent Company of the Company effected the reorganization of the Company which had the effect of creating a class of $.0001 par value common stock, of which 20,000,000 shares are authorized, and to account for a 4,800-for-1 stock split which converted the company's 1,000 issued and outstanding shares of $.01 par value Common Stock into 4,800,000 shares of $.0001 par value Common Stock.

On May 12, 1989, the Company conducted an initial public offering of 2,300,000 of its authorized but unissued shares. The securities offered were Units, consisting of one share of Common Stock, par value $.0001 (the "Shares") and one Redeemable Warrant. The Warrants are exercisable by the holder thereof to purchase one Share per Warrant at an exercisable price of $0.30 per share(after the four-for-one stock split set forth below). The net proceeds from the offering, after the payment of expenses, was $1,986,188.

On February 15, 1990, the Board of Directors of the Company authorized a four-for-one stock split and a change in the par value of the Shares from $.0001 to $.000025, thereby increasing the authorized shares of common stock to 80,000,000.

b. Inventories -- The inventories are valued at the lower of cost (first-in, first-out method) or market. Inventories consisted of the following:

	March 31, 1992	June 30, 1991
Raw materials	$ 723,403	$ 989,597
Work-in process	113,032	80,328
Finished goods	67,819	13,752
	$ 904,254	$ 1,083,677

c. Basis of Presentation -- In the opinion of management, the accompanying unaudited financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to conform with generally accepted accounting principles. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

d. Income taxes -- Deferred income taxes result from timing differences in the recognition of revenues and expenses for tax and financial statement purposes. The major component of this difference is depreciation.

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards No. 96 "Accounting for Income Taxes." FASB No. 96 provides that deferred income taxes be recorded using the liability method and restricts the conditions under which a deferred asset may be recorded. The Company did not adopt this standard for fiscal year ending June 30, 1991 and, accordingly, has not determined the impact of the standard on its financial statements.

MAGNETECH CORPORATION
NOTES TO FINANCIAL STATEMENTS

The provision for income taxes per the Statements of Income is the normal Federal rate of 34% plus the after tax rate of the State income taxes.

e. Cash Equivalents -- For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less and certificates of deposit, regardless of maturity date, to be cash equivalents.

NOTE 2. PROPERTY PLANT AND EQUIPMENT

Property and equipment are recorded at cost. The Company depreciates its property, plant and equipment on a straight-line basis over the estimated useful lives of the related assets, which ranges from 3-7 years, for financial reporting purposes. Property and accumulated depreciation are summarized as follows:

	March 31, 1992	June 30, 1991
PROPERTY		
Land	$ 73,000	$ -0
PLANT		
Buildings	325,000	-0
Leasehold Improvements	121,757	117,826
Total Plant	446,757	117,826
EQUIPMENT		
Machinery and equipment	1,844,954	1,704,353
Furniture and fixtures	34,481	30,170
Transportation equipment	12,800	12,800
Computer equipment	30,445	22,319
Total Equipment	1,922,680	1,769,642
TOTAL PROPERTY PLANT AND EQUIPMENT	2,442,437	1,887,468
ACCUMULATED DEPRECIATION AND AMORTIZATION	757,220	532,220
	$1,685,217	$1,355,248

Maintenance and repairs are charged against income as incurred. Other renewals and betterment are capitalized.

NOTE 3. RELATED PARTY TRANSACTIONS

In connection with the public offering, the Company entered into a Transition Agreement with S.O.I. Industries, Inc. (S.O.I.) for a ten year period commencing on May 12, 1989 (the "Closing Date") during which S.O.I. is required to furnish to the Company certain financial, accounting, data processing, management, and other administrative services for which S.O.I. receives a monthly fee. On January 1, 1992, by mutual agreement, the monthly fee was increased to $12,500.

Subject to certain exceptions, the Transition Agreement provides for assumptions and indemnities designed to place financial responsibility for the liability of the Company's business with the Company.

The Transition Agreement provides that, as long as S.O.I. owns either (i) 25% of the Company's Shares provided no other shareholder owns more than 40% of the outstanding shares or (ii) at least a majority of the Company's Shares, the Company will be required to obtain S.O.I.'s approval, in accordance with certain corporate approval procedures established by S.O.I. for certain transactions.

NOTE 4. LOANS RECEIVABLE, OFFICERS

During the quarter ended March 31, 1992, loans aggregating in the amount of $33,849, due to the Company from two of its officers, were reduced to $19,017 by the offset of bonuses paid to such officers. The loans are evidenced by promissory notes bearing interest at 10% per annum and are due on demand.

NOTE 5. NOTE RECEIVABLE, TRADE

A note receivable in the amount of $55,000 is due to the Company. The note calls for fifteen weekly installments of $5,000 plus interest at 10% per annum, calculated monthly. The first installment was paid July 1, 1991. The note is currently in default. There is a personal guarantee of the promissory note and negotiations to secure payment of this receivable are ongoing.

NOTE 6. COMMITMENTS, CONTINGENCIES AND OTHER MATTERS

a. On January 17, 1991, the Company obtained a line of credit for $750,000 and executed a promissory note therefore. The Company also cross guaranteed a similar $750,000 line of credit for S.O.I. Industries, Inc. and Tempo Lighting, Inc. As of March 31, 1992, no funds available in the lines of credit for any of the companies have been drawn upon. The lines of credit are collateralized by the intangible and tangible assets of the Company, S.O.I. Industries and its other subsidiaries and similarly cross guaranteed. In addition, Mr. Donald E. Courtney has personally guaranteed the line. of credit.

b. During the year ended June 30, 1991, S.O.I. Industries, the Company's parent, established an employees' stock ownership plan. Mr. Courtney, President of S.O.I. Industries, Inc. and the Company along with the other subsidiaries of the Parent Company have guaranteed the debt. The Company along with the other subsidiaries of the Parent Company have pledged substantially all their assets as collateral for the above obligation. On January 1, 1992, employees of the company became elegible to participate in the ESOP of the Parent Company. The Company's contribution to the ESOP will be its pro rata share based on compensation paid by the Parent Company and its subsidiaries to their employees.

c. As part of the underwriting agreement for MagneTech's public offering, S.O.I. agreed to escrow 3,200,000 shares of common stock of MagneTech (the "Shares") for a period of three years issued to S.O.I. based on the attainment by MagneTech of certain financial objectives. Such number of escrowed Shares not delivered to S.O.I. would be delivered to MagneTech as a contribution to its capital. Accordingly, 800,651 Shares were delivered from escrow to MagneTech Corporation as an additional capital contribution by S.O.I.

MAGNETECH CORPORATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Net revenues for the first nine months increased by $1,269,945, or 51.6%, to $3,732,395, compared to an increase of $792,492, or 47.5%, and $2,462,450 for the same period in 1991.

Net income for the first nine months increased $68,641, or 38.6%, to $246,327, compared to a decrease in net income of $12,343, or (6.5)%, and $177,686, for the same period in 1991.

The increase in sales and net income is a direct result of the Company's continuing commitment to expand and strengthen its customer base.

Financial Condition of the Company

The Company continues to maintain a strong financial condition, with adequate cash reserves and sales revenues sufficient to meet all current operating expenses.

Liquidity and Capital Resources

The Company maintains substantial cash reserves and at March 31, 1992 had a strong current ratio of approximately 12 to 1. The company relies on cash flow from operations to meet its working capital requirements. The Company expects that its current cash together with cash flow from operations and its ability to selectively finance major capital expenditures will be sufficient to meet the Company's cash requirements for inventories, receivables, and capital expenditures.

At March 31, 1992, the Company had uncommitted cash reserves of $541,177. In addition, long-term financing of the new warehouse was being negotiated.

The Company does not know of any unusual events, trends or other effects of inflation on operations of the Company.

Results of Operations

Net Sales increased by 51.6% to $3,732,395, an increase of $1,269,945 over the corresponding period in 1991. The increase is attributable to the active growth and quality expansion of the Company's customer base.

Cost of Goods Sold, at $2,628,975, decreased as a percent of sales to 70.4%, compared to 70.8%, for the same period last year, and increased in dollar amount by $885,347 compared to $1,743,628 for the corresponding period last year. The increase in dollar cost and the decrease in percent of sales is due primarily to the increased sales volume.

Selling and General And Administrative expenses, at $507,594, increased as a percent of sales to 13.6% compared to 12.7%, for the same period, and increased in dollar amount by $195,233 to $507,594 compared to $312,361 for the corresponding period. Selling expenses increased due to higher sales salaries and commissions and General And Administrative expenses were impacted by increased bad debt provisions; higher professional fees and stock maintenance costs; ESOP contributions and higher management fees.

In general, the higher sales and administrative expenses were absorbed by the more advantageous utilization of increased volume.

Comparison of Quarter Ended March 31, 1992 to Quarter Ended March 31, 1991.

Net Sales increased by 34.7% to $1,308,359, an increase of $337,117 over the corresponding period in 1991. Cost of Goods Sold decreased as a percent of sales to 66.9%, compared to 75.4% last year, due to lower material costs offset by increases in repairs and maintenance, wages, and factory overhead, in general.

Selling and General And Administrative expenses increased $79,750 from $129,757 to $209,507 due to increased sales commissions, salaries, bad debt provisions, professional fees, stock maintenance costs, ESOP contributions and management fees.

Net income increased $50,016, to $94,104, or 7.2% of sales, compared to $44,088, or 4.5% of sales, for the same period in 1991. In general, the substantially higher sales volume, complemented with lower material costs, was more than able to absorb the smaller increases in selling and administrative expenses.

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PART II
OTHER INFORMATION

ITEM 1. Legal Proceedings

Not applicable

ITEM 2. Changes in Securities

Not applicable

ITEM 3. Defaults Upon Senior Securities

Not applicable

ITEM 4. Submission of Matters to a Vote of Security Holders

Not applicable

ITEM 5. Other Information

The Board of Director for MagneTech Corporation as of the annual meeting of shareholders dated October 28, 1991 consist of the following individuals:

Jack D. Brown, Jr.	Director/President
Donald E. Courtney	Chairman of the Board of Directors/Secretary
Jim N. Weinberg	Director/Vice President Treasurer
Vincent A. Rego	Director
George V. Chesteen	Director

ITEM 6. Exhibits and Reports on Form 8-K

(a) The Company filed a Form 8-K on October 29, 1991 reflecting that Mr. Joseph A. Agosta, Director and Treasurer, independently declined to stand for re-election to the Board of Directors of MagneTech Corporation as of the annual meeting of shareholders dated October 28, 1991, due to his desire to pursue different career opportunities effective approximately January 1, 1992.

(b) On November 19, 1991, the Company filed a Form 8-K reflecting that 800,651 shares of common stock currently held in escrow by S.O.I Industries, Inc., the Parent Company to MagneTech Corporation, would be returned to MagneTech. The MagneTech Shares were returned and cancelled effective October 29, 1991. The number of total outstanding shares of common stock was reduced from 30,067,546 to 29,266,895.

ITEM 6. Exhibits and Reports on Form 8-K (Cont.)

(c) On March 31, 1992, MagneTech Corporation purchased a building in Newtown Commerce Center, Davie, Florida for $398,000. MagneTech Corporation intends to use the additional facility for expansion of its tape duplication facilities and to increase administrative offices.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MAGNETECH CORPORATION

Date 5/13/92

Sanford M. Whitman

Sanford M. Whitman
Chief Financial Officer

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

__X__ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934: For the quarterly period ended March 31, 1992.

I
92-2246

OR

_____ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934: For the transition period from ______________ to ______________.

PROCESSED BY

MAY 15 1992
13/13 MS

Commission File Number 0-19549

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

MITEK SURGICAL PRODUCTS, INC.
(Exact name of registrant as specified in [illegible])

L3Q

Delaware (State or other jurisdiction of incorporation or organization)	04-2853658 (I.R.S. employer identification number)
57 Providence Highway Norwood, MA (Address of principal executive offices)	02062 (Zip code)

BEST COPY AVAILABLE

(617) 551-8500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No ______

As of March 13, 1992, there were 4,141,326 shares of common stock, $.01 par value, outstanding.

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MITEK SURGICAL PRODUCTS, INC.
FORM 10-Q
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Condensed Consolidated Statement of Operations - For the three months ended March 31, 1992 and 1991 (unaudited) 4

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PART I. - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

MITEK SURGICAL PRODUCTS, INC.
CONDENSED CONSOLIDATED BALANCE SHEET

	March 31, 1992 (unaudited)	December 31, 1991
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,621,455	$ 5,902,932
Accounts receivable, net	1,440,730	1,466,208
Inventories	760,586	704,116
Prepaid expenses and other current assets	363,476	216,417
Total current assets	8,186,247	8,289,673
Investments in marketable securities	12,221,282	11,344,245
Fixed assets, net	164,387	166,463
Other assets	231,842	237,092
	$20,803,758	$20,037,473
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 560,413	$ 602,248
Accrued compensation and employee benefits	205,142	279,446
Accrued professional fees	52,856	110,303
Accrued expenses	198,475	21,117
Income taxes payable	223,893	40,575
Current portion of obligation under capital lease	4,759	7,518
Total current liabilities	$ 1,245,538	$ 1,061,207
Stockholders' equity:		
Common stock	41,526	41,276
Additional paid-in capital	20,282,636	20,265,651
Accumulated deficit	(708,742)	(1,273,461)
Less: Stock subscription receivable	(57,200)	(57,200)
	19,558,220	(18,976,266)
	$20,803,758	$20,037,473

See notes to condensed consolidated financial statements.

MITEK SURGICAL PRODUCTS, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	For the three months ended March 31,	
	1992	1991
Revenue	$2,844,054	$1,695,602
Cost of goods sold	699,470	487,870
Gross profit	2,144,584	1,207,732
Operating expenses:		
Selling, general and administrative	1,368,506	734,725
Research and development	176,523	96,219
Total operating expenses	1,545,029	830,944
Income from operations	599,555	376,788
Other income, net	231,264	8,004
Income before provision for income taxes	830,819	384,792
Provision for income taxes	266,100	31,938
Net income	$ 564,719	$ 352,854
Net income per share	$ 0.13	$ 0.11
Weighted average shares outstanding	4,515,620	3,340,732

See notes to condensed consolidated financial statements.

MITEK SURGICAL PRODUCTS, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	For the three months ended March 31,	
	1992	1991
Cash flows from operating activities:		
Net income	$ 564,719	$ 352,854
Adjustments to reconcile net income to net cash used for operating activities:		
Depreciation and amortization	44,479	40,936
Decrease (increase) in accounts receivable	25,478	(232,610)
Decrease (increase) in inventories	(56,470)	1,647
Increase in prepaid expenses and other current assets	(147,059)	(73,630)
Decrease (increase) in accounts payable and accrued expenses, net of non-cash items	3,772	(45,206)
Increase in income taxes payable	183,318	-
Net cash provided by operating activities	618,237	43,991
Cash flows used for investing activities:		
Purchase of marketable securities	(877,037)	-
Purchase of fixed assets	(37,153)	(15,716)
Net cash used for investing activities	(914,190)	(15,716)
Cash flows from financing activities:		
Principal payments of obligation under capital leases	(2,759)	(2,082)
Proceeds from issuance of common stock	17,235	-
Proceeds from issuance of preferred stock, net of issuance costs	-	1,161,970
Net cash provided by financing activities	14,476	1,159,888
Net (decrease) increase in cash and cash equivalents	(281,477)	1,188,163
Cash and cash equivalents, beginning of period	5,902,932	78,812
Cash and cash equivalents, end of period	$5,621,455	$1,266,975

See notes to condensed consolidated financial statements.

MITEK SURGICAL PRODUCTS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the three month period ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ending December 31, 1992. All accounts of the Company and its wholly owned subsidiary, Mitek Securities Corporation, established in the first quarter of 1992 are represented in the condensed consolidated financial statements. All significant intercompany transactions and balances have been eliminated. The financial statements included herein should be read in conjunction with the financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

Per share information is based on the weighted average number of outstanding common shares and common share equivalents during each period; 4,515,620 shares for the three months ended March 31, 1992 and 3,340,732 shares for the three months ended March 31, 1991.

2. Inventories

Inventories consist of the following:

	March 31, 1992	December 31, 1991
Raw materials	$ 408,249	$ 291,035
Work-in-process	74,278	200,789
Finished goods	278,059	212,292
	$ 760,586	$ 704,116

3. Changes in stockholders' equity accounts during the three month period ended March 31, 1992 are as follows:

	Common stock		
	Par value	Capital in excess of par value	Accumulated deficit
Balance at December 31, 1991	$41,276	$20,265,651	$(1,273,461)
Sale of common stock stock pursuant to exercise of stock options	250	16,985	
Net income			564,719
Balance at March 31, 1992	$41,526	$20,282,636	$ (708,742)

4. Income Taxes

In February 1992, the Financial Accounting Standards board (FASB) issued Statement No. 109, "Accounting for Income Taxes" (SFAS 109) which will supersede SFAS 96. This statement modifies the liability method currently used by the Company for computing deferred income taxes and will allow for recognition of net operating loss and tax credit carryforwards prior to their utilization. Adoption of SFAS 109 is required by January 1, 1993. The Company is reviewing the impact and implementation approach to this statement but does not expect that it will have a material effect on the Company's financial position.

Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS:

Revenue: For the three month period ended March 31, 1992, revenue increased 67.7% to $2,844,054 from $1,695,602 in the comparable period in 1991. Anchors and related surgical instruments contributed $1,124,928 or 98.0% of this increase which is reflective of continued growth in sales of the GII Anchor, which did not begin shipping in volume until the latter part of the first quarter of 1991 and the success of the Snap-Pak, pre-sterile product, introduced in the second half of 1991.

Gross Profit: Gross profit increased 77.6% to $2,144,584 for the three months ended March 31, 1992 from $1,207,732 in the comparable period in 1991 As a percentage of revenue, gross profit increased to 75.4% from 71.2% in the comparable period in 1991. This increase in profitability resulted from increased sales of the GII Anchor products, including the GII Snap-Pak, which have a higher average selling price and gross margin than the GI Anchor products. In addition, sales through agents as a percentage of total Anchor revenue increased in the first quarter of 1992 as compared to the first quarter of 1991 resulting in higher average selling prices and therefore, higher margins for the Company's Anchor products.

Selling, General and Administrative: Selling, general and administrative expenses increased 86.3% to $1,368,506 for the quarter ended March 31, 1992 from $734,725 for the comparable period in 1991. The increase in absolute dollars is primarily the result of increased salaries and benefits (34.8%) due to employee growth and sales commissions (29.4%) resulting from increased sales. The remainder of the increase is attributable to increases in items such as travel, promotion and trade shows in order to promote the Anchor and generate sales as well as insurance, legal fees, and investor relations which are the result of the Company's increased sales volume and public corporation status.

Research and Development: Research and development expenses increased 83.5% to $176,523 for the quarter ended March 31, 1992 compared to $96,219 for the comparable period in 1991. The increase is attributable to an increase in payroll and benefits due to employee growth, recruiting and relocation costs associated with the hiring of the Vice President of Product and Business Development, as well as increases in costs associated with product development.

Interest Income: The increase in interest income for the quarter ended March 31, 1992 over the comparable quarter in 1991 is the result of interest income earned from the investment of the net proceeds received from the Company's sales of securities in January 1991, the Company's public offering in October 1991, and the positive cash flows generated by the Company throughout 1991 and the first quarter of 1992.

Income Taxes: The effective income tax rate of 8.3% for the first quarter of 1991 was significantly lower than statutory rates due to the utilization of federal tax loss carryforwards. Minimal federal tax loss carryforwards remained available in the first quarter of 1992 resulting in an effective income tax rate for the quarter of 32%.

Liquidity and Capital Resources: The Company had cash, cash equivalents and investments in marketable securities totalling $17,842,737 at March 31, 1992. The Company's cash position reflects the net proceeds received by the Company from its sale of securities in January 1991, its initial public offering in October 1991, and the positive cash flows generated by the Company throughout 1991. The Company believes that the proceeds from this offering and the cash generated from operations are sufficient to meet continuing operating requirements and provide for future growth.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

11 Statement regarding the computation of earnings per share

b) Reports on Form 8-K
None for the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MITEK SURGICAL PRODUCTS, INC.

Date: May 13, 1992

By:

Kenneth W. Anstey
President and Chief Executive Officer

Date: May 13, 1992

By: Henry Barber

Henry Barber
Controller, Treasurer and Secretary
(Principal Financial and Accounting Officer)

INDEX TO EXHIBITS

Exhibit Number	Exhibit	Page
11	Statement regarding the computation of earnings per share	13

MITEK SURGICAL PRODUCTS, INC.

Statement regarding the computation of earnings per share

Exhibit 11

	For the three months ended March 31,	
	1992	1991
Calculation of earnings per share:		
Net income	$ 564,719	$ 352,854
Weighted average common shares outstanding	4,140,109	2,962,386
Incremental common stock equivalents from stock option plan	375,511	378,346
	4,515,620	3,340,732
Net income per share	$ 0.13	$ 0.11

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SECURITIES AND EXCHANGE COMMISSION

[redacted] Washington, D.C. 20549

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Form 10-Q

(Mark One)*

[x] Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended February 28, 19[illegible]

[ ] Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from ________ to ________

Commission file number .... ~~0-4235~~ 1- 77[illegible] 92-2246

MOREHOUSE INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

BEST COPY AVAILABLE

California
(State or other jurisdiction of incorporation or organization)

95-1240978
(I.R.S. Employer Identification No.)

1600 West Commonwealth Avenue, Fullerton, California 92633
(Address of principal executive offices)
(Zip Code)

[illegible] L 36[illegible]
(Registrant's telephone number, including [illegible]

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NO CHANGE
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes... No. X..

***Applicable only to issuers involved in bankruptcy proceedings during the preceding five years:**

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes... No.... NOT APPLICABLE

***Applicable only to corporate issuers:**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. [illegible] at February 28, 1992

MOREHOUSE INDUSTRIES, INC.

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PART I - FINANCIAL INFORMATION

MOREHOUSE INDUSTRIES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	Feb. 28, 1992 (unaudited)	August 31, 1991
ASSETS		
Current assets:		
Cash	$ 77,000	$ 804,000
Accounts receivable	1,119,000	375,000
Inventories (Note 2)	2,245,000	869,000
Prepaid expenses and other current assets	48,000	20,000
Total current assets	3,489,000	2,068,000
Property, plant and equipment	3,660,000	2,728,000
Less accumulated depreciation	(2,490,000)	(1,662,000)
Net property, plant and equipment	1,170,000	1,066,000
Other assets	307,000	-
	$ 4,966,000	$ 3,134,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 442,000	$ -
Accounts payable	463,000	207,000
Accrued liabilities	564,000	401,000
Current maturities of long-term debt	160,000	16,000
Total current liabilities	1,629,000	624,000
Long-term debt and deferred credits (Note 3)	702,000	99,000
Total liabilities	2,331,000	723,000
Stockholders' equity:		
Common stock, no par value; 10,000,000 shares authorized, 3,890,981 shares issued and outstanding (Note 4)	3,170,000	3,170,000
Retained earnings (deficit)	(535,000)	(759,000)
Total stockholders' equity	2,635,000	2,411,000
	$ 4,966,000	$ 3,134,000

See accompanying notes

MOREHOUSE INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended		Six months ended	
	Feb. 28, 1992	Feb. 28, 1991	Feb. 28, 1992	Feb. 28, 1991
Net sales	$2,075,000	$ 937,000	$3,219,000	$1,891,000
Costs and expenses:				
Cost of sales	1,177,000	589,000	1,844,000	1,259,000
Selling and administrative	590,000	310,000	959,000	574,000
Interest expense	33,000	2,000	51,000	4,000
Other expense (income) (Note 5)	78,000	(13,000)	90,000	(25,000)
Total costs and expenses	1,878,000	887,000	2,944,000	1,812,000
Income before provison for taxes based on income	197,000	50,000	275,000	79,000
Provision for taxes based on income (Note 6)	81,000	20,000	113,000	32,000
Income before extraordinary item	$ 116,000	$ 30,000	$ 162,000	$ 47,000
Extraordinary item, tax benefit of net operaing loss carryforward (Note 6)	32,000	20,000	62,000	32,000
Net Income	$ 148,000	$ 50,000	$ 224,000	$ 79,000
Net Income per common share before extraordinary item	$ 0.03	$ 0.01	$ 0.04	$ 0.01
Extraordinary item	0.01	-	0.02	0.01
Net Income per Comon Share	$ 0.04	$ 0.01	$ 0.06	$ 0.02
Weighted average shares outstanding	3,890,981	3,890,981	3,890,981	3,890,981

See accompanying notes.

MOREHOUSE INDUSTRIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six months ended	
	Feb. 28, 1992	Feb. 28, 1991
Cash flows provided (used) by operating activities:		
Net income	$ 224,000	$ 79,000
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	75,000	71,000
Gain on disposition of assets		
Provision of doubtful accounts	12,000	
Provision for inventory reserves	22,000	
(Increase) decrease in assets		
Certificate of Deposit	-	100,000
Accounts receivable	(758,000)	(97,000)
Inventory	(1,398,000)	88,000
Prepaid expenses	(28,000)	20,000
Increase (decrease) in liabilities		
Accounts payable	256,000	-
Accrued liabilities	156,000	(70,000)
Total adjustments	(1,663,000)	112,000
Net cash provided (used) by operating activities:	(1,439,000)	191,000
Investing activities:		
Capital expenditures		
Property, plant & equipment	(125,000)	(17,000)
Other assets	(307,000)	-
Net cash (used) by investing act.	(432,000)	(17,000)
Financing activities:		
Proceeds from line of credit advances	1,142,000	---
Proceeds from long term contract payable	707,000	---
Payment on line of credit	(700,000)	---
Principal payments under capitalized lease	(5,000)	(4,000)
Net cash provided (used) by financing act.	1,144,000	(4,000)
Net increase (decrease) in cash	(727,000)	170,000
Cash at beginning of period	804,000	439,000
Cash at end of period	$ 77,000	$609,000

See accompanying notes

MOREHOUSE INDUSTRIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

February 28, 1992

1. Basis of presentation

The accompanying consolidated financial statements, some of which are unaudited, have been condensed in certain respects and should, therefore, be read in conjunction with the financial statements and notes related thereto contained in the Company's annual report to shareholders for the year ended August 31, 1991. In the opinion of the Company, the accompanying unaudited financial statements contain all adjustments (consisting of normally recurring accruals) necessary for a fair presentation for the interim period. The results of operations for the three months and six months ended February 28, 1992 are not necessarily indicative of the results to be expected for the full year.

2. Inventories

Inventories at February 28, 1992 and August 31, 1991 were as follows:

	Feb. 28, 1992 (unaudited)	Aug. 31, 1991
Materials and parts	$ 599,000	$ 672,000
Work in process	573,000	123,000
Finished goods	1,073,000	74,000
	$2,245,000	$ 869,000

3. Long-term debt and deferred credits

The Company's long-term obligations consist of a bank note at prime plus 2% interest, notes due to the sellers of GST Industries, Inc., at 10% interest, and capitalized equipment leases at from 10.5% to 14% interest. The principal amounts payable are as follow:

Years Ended August 31	Bank Note	Seller Notes	Capitalized Leases
1992	$100,000	-	$20,000
1993	200,000	-	20,000
1994	200,000	$200,000	12,000
1995	-	-	8,000
1996	-	-	5,000
	$500,000	$200,000	$65,000

4. Stock options

The Company has stock option plans which provide that options for up to 700,000 shares of the Company's common stock may be granted to key employees, directors and consultants of the Company as selected by a committee of the Company's Board of Directors. At February 28, 1992 there were 249,000 options outstanding, of which 118,875 were exercisable. The price at which the options may be exercised varies from $0.375 to $1.125, as determined by the market price of the Company's common stock on the date of grant. During the three months ended February 28, 1992, options on 30,000 shares were granted and no options became exercisable. No options have been exercised under either the 1984 or the 1991 Plan.

5. Other expense (income)

For the three months and six months ended February 28, 1991, the "other income" was substantially comprised of interest income on excess cash held by the Company. For the three months and six months ended February 28, 1992, the "other expense" was substantially comprised of interest expense on debt incurred to facilitate the acquisition of GST Industries, Inc. on November 1, 1991.

6. Provision for taxes based on income

The Company recorded, prior to fiscal 1992, all income tax benefits available to it as a result of net operating losses. At February 28, 1992, the Company had a net operating loss carry forward of approximately $2,000,000 for financial statement purposes and approximately $1,750,000 for federal income tax purposes. The ultimate realization of the benefits of the loss carry forward depends upon future profitable operations. The Company will have a current obligation for California state income tax and Federal Alternative Minimum Tax for which adequate accruals are being made, in the opinion of management.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Liquidity and Capital Resources

During the first half of fiscal year 1992, ended February 28, 1992, working capital increased by $416,000, or 29% to $1,860,000. Cash decreased by $727,000, or 90%, while accounts receivable increased by $744,000 or 198%. The cash balance was decreased to facilitate the acquisition of GST Industries, Inc., and to minimize borrowings and reduce interest expense. Inventory increased by $1,276,000 or 158%, to $2,245,000 as the result of the acquisition of GST Industries, Inc. Inventory levels at February 28, 1992 were consistent with levels historically maintained by the Company. The Company had a bank operating line of credit of which $1,207,000 was unutilized at February 28, 1992. In addition to the line of credit, the Company has 10,000,000 authorized shares of common stock of which 3,890,981 were issued at February 28, 1992. While the Company has no plans to issue stock, this could be a source of additional cash in the future.

Results of Operations

Sales for the second fiscal quarter, ended February 28, 1992, were 121% greater than for the comparable prior year period. Sales for the first half of fiscal year 1991 were $3,219,000, 70% greater than for the comparable prior year period. Backlog was $5,708,000, vs. $650,000 a year earlier. Net profit for the second quarter was $148,000, versus $50,000 in the comparable prior year period. Net profit for the first half of fiscal year 1992 was $224,000 versus $79,000 in the comparable prior year period.

Increases in sales, earnings and backlog are primarily attributable to the acquisition of GST Industries, Inc. on November 1, 1991. The continuing operations of Morehouse-COWLES, Inc. alone resulted in a 12% decrease in sales and a 50% increase in profit for the six months ended February 28, 1992 versus the six months ended February 28, 1991. This increase was due to a favorable mix of sales and increased margins which resulted from improved manufacturing costs. Most of the backlog at February 28, 1992 was not scheduled to ship in the current fiscal year. Neither the backlog nor the operations of the first six months are necessarily indicative of the result to be expected in the future.

PART II - OTHER INFORMATION

Item 1. Legal proceedings

At February 28, 1992, the Company was a defendant in three (3) product liability lawsuits and three workmen's compensation disability claims.

During the second fiscal quarter, in December, 1991, Gauthier vs. Morehouse was settled with no admission of liability for $70,000, for which adequate reserves had previously been established.

Two additional lawsuits, Perales v. Morehouse Industries and Kaulfers v. Morehouse Industries were more fully described in the most recent 10K and there have been no changes in the status of these suits.

During the second fiscal quarter, on January 27, 1992, Morehouse Industries, Inc. was served with a new product liability lawsuit, Miles v. Louis Allis Corp., et al, filed in the Superior Court of New Jersey, Passaic County, which claims injury due to product design negligence. The suit contains insufficient information to determine whether the Company should even be involved. The Company has insurance and the insurer is in the process of gathering additional information to formulate a response.

The Company has received three workmen's compensation disability claims, one for stress and two for bad backs. Management believes all are without merit and is urging its insurance carriers to vigorously investigate and defend against these claims.

Item 2. Change in Securities

None

Item 3. Default upon Senior Securities

None

Item 4. Submission of matters to a vote of security holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

Rider A

(a) Exhibits. None.

(b) Current Reports on Form 8-K.

On January 14, 1992, the Company filed financial statements, under cover of Form 8, for the Current Report on Form 8-K filed on November 13, 1991 in connection with the acquisition of GST Industries, Inc., which financial statements were omitted pursuant to the rules and regulations of the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MOREHOUSE INDUSTRIES, INC.
(Registrant)

Date: March 18, 1992

James R. Swartwout, President
and Chief Financial Officer

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE COMMISSION ACT OF 1934

k
92-2246

For the quarter ended March 31, 1992 Commission file number 1-5332

P & F INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Delaware	22-1657413
(State of incorporation)	(I.R.S. Employer Identification Number)
300 Smith Street, Farmingdale, New York	11735
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (516) 694-1800

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.
Yes (X) No ( )

Number of shares of Class A common stock outstanding as of April 30, 1992........2,260,918

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PART I. FINANCIAL INFORMATION

P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	March 31, 1992	December 31, 1991
	(unaudited)	
ASSETS		
CURRENT:		
Cash	$ 2,549,685	$ 3,801,466
Accounts receivable, less allowance for possible losses of $161,635 in 1992 and $268,280 in 1991	14,825,032	13,892,086
Costs and estimated earnings in excess of billings on uncompleted contracts	154,420	488,260
Inventories	12,860,329	13,842,492
Deferred income taxes	119,000	119,000
Prepaid expenses and other assets	599,542	613,781
TOTAL CURRENT ASSETS	31,108,008	32,757,085
PROPERTY AND EQUIPMENT:		
Land	993,020	993,020
Buildings and improvements	4,281,303	4,259,830
Machinery and equipment	6,415,560	5,588,011
	11,689,883	10,840,861
Less accumulated depreciation and amortization	4,579,262	4,408,676
NET PROPERTY AND EQUIPMENT	7,110,621	6,432,185
GOODWILL, net of accumulated amortization of $459,990 in 1992 and $435,393 in 1991	3,353,776	3,378,373
OTHER ASSETS, net of accumulated amortization of $124,995 in 1992 and $99,996 in 1991	592,461	834,415
TOTAL ASSETS	$ 42,164,866	$ 43,402,058

P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(continued)

LIABILITIES AND SHAREHOLDERS' EQUITY	March 31, 1992 (unaudited)	December 31, 1991
CURRENT LIABILITIES:		
Short-term borrowings	$ 10,052,311	$ 11,476,072
Accounts payable	3,257,541	3,156,048
Billings in excess of costs and estimated earnings on uncompleted contracts	664,880	628,436
Accruals and other liabilities	2,712,360	2,895,140
Current maturities of long-term debt	576,511	576,020
TOTAL CURRENT LIABILITIES	17,263,603	18,731,716
LONG-TERM DEBT, less current maturities	8,610,732	7,678,248
	25,874,335	26,409,964
SHAREHOLDERS' EQUITY:		
Preferred stock, $10 par, cumulative; shares authorized 2,000,000; outstanding 299,895 and 434,500	2,998,950	4,345,000
Common stock:		
Class A - $1 par; shares authorized 7,000,000; outstanding 2,260,918 and 2,260,998; reserved for options 1,614,500 shares	2,260,918	2,260,998
Class B - $1 par; shares authorized 2,000,000	--	--
Additional paid-in capital	7,039,649	6,770,519
Retained earnings	3,991,014	3,615,577
TOTAL SHAREHOLDERS' EQUITY	16,290,531	16,992,094
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 42,164,866	$ 43,402,058

P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended March 31,	
	1992	1991
REVENUES:		
Net sales	$ 15,259,977	$ 9,788,495
Other	21,225	61,499
	15,281,202	9,849,994
COSTS AND EXPENSES:		
Cost of sales	10,769,459	6,646,011
Selling, administrative and general	3,183,113	2,526,039
Interest	391,758	467,057
Depreciation	170,586	181,865
	14,514,916	9,820,972
INCOME BEFORE TAXES ON INCOME	766,286	29,022
TAXES ON INCOME	314,000	1,000
NET INCOME	$ 452,286	$ 28,022
Preferred dividends	$ 76,849	$ 108,625
Net income (loss) attributable to common stock	$ 375,437	($ 80,603)
Average number of common and common equivalent shares - primary and fully diluted	3,653,072	2,261,051
Earnings (loss) per share of common stock - primary and fully diluted	$ .11	($ .04)

P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended March 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 452,286	$ 28,022
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	220,182	230,996
Provision for losses on accounts receivable	28,369	27,096
Decrease (increase) in operating assets:		
Accounts receivable, net of adjustments for percentage of completion	(591,031)	1,877,209
Inventories	982,163	(887,689)
Prepaid expenses and other assets	14,239	117,594
Other assets	216,955	(30,466)
Increase (decrease) in operating liabilities:		
Accounts payable	101,493	54,569
Accruals	(182,780)	(271,162)
Total adjustments	789,590	1,118,147
Net cash provided by operating activities	1,241,876	1,146,169
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(849,022)	(77,097)
Payments for acquisition-related expenses	--	(10,202)
Net cash used in investing activities	(849,022)	(87,299)

P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(continued)
(unaudited)

	Three months ended March 31, 1992	Three months ended March 31, 1991
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net short-term borrowings	(1,423,761)	657,068
Principal payments on long-term debt	(143,825)	(204,756)
Dividends paid on preferred stock	(76,849)	(108,625)
Purchase and retirement of treasury stock	(200)	--
Net cash provided by (used in) financing activities	(1,644,635)	343,687
NET INCREASE (DECREASE) IN CASH	(1,251,781)	1,402,557
CASH AT BEGINNING OF PERIOD	3,801,466	1,800,487
CASH AT END OF PERIOD	$ 2,549,685	$ 3,203,044

	1992	1991
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Income taxes	$ 107,000	$ 224,720
Interest	$ 352,699	$ 506,253

P & F INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

1. PRINCIPLES OF CONSOLIDATION

The statements for the three months ended March 31, 1992 and 1991 are presented as unaudited but, in the opinion of the Company, they include all adjustments (comprising only normal recurring accruals) necessary for a fair statement of the results of operations for those periods.

Results for interim periods are not necessarily indicative of results to be expected for a full year, inasmuch as the operations of some of the Company's subsidiaries are seasonal in nature.

2. INVENTORIES

Major classes of inventory were as follows:

	March 31, 1992	December 31, 1991
Finished goods	$ 9,380,709	$ 10,309,978
Work in process	2,263,487	2,317,967
Raw materials and supplies	1,216,133	1,214,547
	$ 12,860,329	$ 13,842,492

3. CAPITAL STOCK TRANSACTIONS

On January 3, 1992, the Company made an offer to exchange $8 principal amount of a new issue of 13.75% Subordinated Debentures, due 2017, for each share of its $1 Cumulative Preferred Stock. The offer expired on April 15, 1992. As of March 31, 1992, a total of 134,605 shares had been tendered, thus reducing shareholders' equity by $1,076,840.

4. EARNINGS PER SHARE

Earnings per share is computed using the treasury stock method. Under this method, the number of shares outstanding reflects the assumed use of proceeds from the hypothetical exercise of the outstanding options and warrants. The assumed proceeds are used to repurchase shares of common stock, to a maximum of 20% of the shares outstanding. The balance of the proceeds, if any, are used to reduce outstanding debt. In calculating the purchase price of the common stock, the average market value for the period is used for primary earnings per share and the ending market value is used for fully diluted earnings per share.

Net income or loss is adjusted for preferred dividends in computing the net income or loss attributable to the common stock.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

P & F INDUSTRIES, INC. AND SUBSIDIARIES

FIRST QUARTER ENDED MARCH 31, 1992 COMPARED WITH FIRST QUARTER ENDED MARCH 31, 1991

Revenues increased 55.1% to $15,281,202 from $9,849,994 in the prior year. Tool revenues increased 22% over the prior year, while heating equipment and hardware revenues rose 6% and 33% respectively, all of which benefitted from the strengthening economy.

Sheet metal ductwork revenues increased 134% compared to the very weak first quarter of 1991. This pace will not be maintained and a significant decline in these revenues is anticipated in the second half of 1992. In order to position the Company for this expected downturn and to permanently reduce its exposure to the volatility of the construction industry, the Company will be downsizing its sheet metal operation to bring its overhead in line with a substantially reduced revenue base.

Cost of sales increased from 67.5% to 70.5% of revenues, due to the weakness of the dollar vs. the yen (which increased the costs of tool imports from Japan) and a heavier proportion of sheet metal ductwork sales (which have lower gross profit margins).

Selling, administrative and general expenses rose, but at a lower rate than sales, thereby reducing their percentage to revenues to 20.8% from 25.6%.

Interest expense declined $75,299 despite the inclusion of $35,000 interest on debentures exchanged for preferred stock during the first quarter. The decline was due to lower interest rates.

LIQUIDITY AND CAPITAL RESOURCES

The Company gauges its liquidity and financial stability by the measurements as shown in the following table (dollar amounts in thousands):

	March 31, 1992	December 31, 1991	March 31, 1991
Working Capital	$ 13,844	$ 14,025	$ 10,818
Current Ratio	1.80 to 1	1.75 to 1	1.58 to 1
Shareholders' Equity	$ 16,291	$ 16,992	$ 16,384

The increases in working capital and current ratio were due to the refinancing, in October, 1991, of a mortgage which had matured and was carried as a current liability in last year's first quarter.

The Company has lines of credit from three banks totalling $16,700,000 for direct loans, letters of credit and bankers' acceptances. The total amount of these instruments outstanding as of March 31, 1992 was approximately $12,475,000. The line of credit from one of the banks, totalling $5,000,000, expired on April 30, 1992. The bank has informed the Company that it is terminating its commercial lending activities, but will extend the line until the Company has found a replacement lender.

On January 3, 1992, the Company made an offer to exchange $8 principal amount of a new issue of 13.75% Subordinated Debentures, due 2017, for each share of its $1 Cumulative Preferred Stock. The offer expired on April 15, 1992. As of March 31, 1992, a total of 134,605 shares had been tendered, thus reducing shareholders' equity by $1,076,840.

The Company considers its financial condition to be sound.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

None.

ITEM 2. Changes in Securities

None.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Submission of Matters to a Vote of Security Holders

None.

ITEM 5. Other Information

None.

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

P & F INDUSTRIES, INC.
(Registrant)

By

Leon D. Feldman
Executive Vice President
(Principal Financial Officer)

Dated: May 12, 1992

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

L
92-2246

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT of 1934

For the transition period from ________ to ________

Commission File Number: 0-19345

PENNFIRST BANCORP, INC.
(Exact name of registrant as specified in its charter)

Pennsylvania	25-1659846
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

600 Lawrence Avenue
Ellwood City, Pennsylvania 16117
(Address of principal executive offices)

(412) 758-5584
Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days. YES X NO ___

Shares outstanding as of May 13, 1992: 1,319,824 shares Common Stock, $.01 par value.

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PENNFIRST BANCORP, INC.

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PENNFIRST BANCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Financial Condition

Assets	March 31, 1992 (Unaudited)	December 31, 1991
Cash on hand and due from banks	$ 872,268	$ 1,922,093
Interest-earning deposits in other institutions, including certificates of deposit totaling $2,112,000 at December 31, 1991	2,871,438	4,759,655
Federal funds sold	----	1,000,000
Investment securities, at cost (market value of $8,903,696 and $12,177,961 on March 31, 1992 and December 31, 1991, respectively)	8,848,861	12,041,754
Mortgage-backed securities, at cost (market value of $191,853,995 and $178,607,874 on March 31, 1992 and December 31, 1991, respectively)	195,024,130	176,694,610
Loans receivable, net	74,434,111	76,755,710
Accrued interest receivable, net of reserve for uncollected interest of $103,894 and $102,076 at March 31, 1992 and December 31, 1991, respectively	2,731,804	2,931,147
Real estate owned, net	2,035,720	2,056,200
Federal Home Loan Bank stock, at cost	2,788,500	1,543,500
Office properties and equipment, at cost, less accumulated depreciation and amortization	2,094,592	2,163,937
Prepaid expenses and sundry assets	584,058	586,170
Total assets	$292,285,482	$282,454,776
Liabilities and Stockholders' Equity		
Liabilities:		
Savings deposits	$214,434,982	$232,669,983
Advances from borrowers for taxes and insurance	1,362,235	1,025,864
Borrowed funds	37,630,160	11,110,656
Federal and state income taxes	662,865	504,161
Accrued expenses and other liabilities	1,950,365	1,319,281
Total liabilities	256,040,607	246,629,945
Commitments and contingencies	----	----
Stockholders' equity:		
Preferred stock:		
5,000,000 shares, $.01 par value per share, authorized; None outstanding	----	----
Common stock:		
10,000,000 shares, $.01 par value per share, authorized; 1,319,824 shares issued and outstanding	13,198	13,198
Additional paid-in capital	11,492,130	11,492,130
Retained income, substantially restricted	25,034,581	24,621,012
Unvested shares held by the Management Recognition Plan	(47,479)	(50,792)
Employee Stock Ownership Plan Debt	(247,555)	(250,717)
Total stockholders' equity	36,244,875	35,824,831
Total liabilities and stockholders' equity	$292,285,482	$282,454,776

See accompanying notes to consolidated financial statements.

PENNFIRST BANCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Income

	Three Months Ended March 31, (Unaudited)	
	1992	1991
Interest income:		
Loans..................................	$1,662,918	$2,052,431
Mortgage-backed securities..............	3,845,225	2,156,245
Investments.............................	219,872	647,729
Federal Home Loan Bank stock............	60,979	32,652
Total interest income..............	5,788,994	4,889,057
Interest Expense:		
Savings deposits and escrow............	2,914,172	2,965,659
Borrowed funds..........................	539,934	105,264
Total interest expense.............	3,454,106	3,070,923
Net interest income.........................	2,334,888	1,818,134
Provision for possible losses on loans.....	148,864	125,700
Net interest income after provision for possible losses on loans...............	2,186,024	1,692,434
Non-interest income:		
Fees and service charges................	145,740	125,226
Other income............................	57,554	3,558
Total non-interest income..........	203,294	128,784
Non-interest expenses:		
Salaries and personnel costs...........	559,915	490,432
Premises and occupancy costs...........	176,550	161,109
Federal insurance premiums.............	119,415	98,250
Data processing costs..................	96,026	68,038
Advertising............................	17,830	18,458
(Gains) losses on real estate owned....	(7,515)	(35,870)
Other..................................	523,261	292,869
Total non-interest expense.........	1,485,482	1,093,286
Income before income taxes.........	903,836	727,932
Income taxes:		
Federal................................	311,750	262,594
State..................................	59,733	42,068
Total income taxes.................	371,483	304,662
Net income.....................	$ 532,353	$ 423,270
Earnings Per Share.............	$.40	$.32
Dividends Per Share............	$.09	$.08
Weighted Average Shares Outstanding	1,319,824	1,319,824

See accompanying notes to Consolidated Financial Statements.

PENNFIRST BANCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Three Months Ended March 31, (Unaudited)	
	1992	1991
Cash flows from operating activities:		
Net income	$ 532,353	$ 423,270
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	77,420	75,771
Provision for loan and real estate owned losses	141,349	89,830
Decrease in accrued interest receivable	199,343	181,235
(Increase) decrease in prepaid and sundry assets	2,112	(61,186)
Increase in accrued interest payable	879,680	727,752
Increase in other liabilities	246,479	409,271
Amortization of premiums and accretion of discounts	133,147	14,934
Other	3,313	5,972
Net cash provided by operating activities	2,215,196	1,866,869
Cash flows from investing activities:		
Net decrease in loans	2,137,377	974,701
Purchases of:		
Investment securities	(1,009,766)	----
Mortgage-backed securities	(37,237,399)	(7,900,190)
Principal repayments of Mortgage-backed securities	18,768,182	2,062,791
Proceeds from sale of real estate owned	72,561	125,179
Proceeds from maturities of investment securities	4,200,001	4,674,999
Purchase of FHLB stock	(1,245,000)	(243,300)
Purchase of fixed assets	(8,075)	(30,398)
Net cash used by investing activities	(14,322,119)	(336,218)
Cash flows from financing activities:		
Net increase in NOW, money market demand, passbook, and club accounts	4,351,779	1,163,127
Net increase (decrease) in certificates of deposit	(22,586,780)	2,218,118
Net increase (decrease) in other borrowed funds	26,519,504	(7,854)
Cash dividends paid on Common Stock	(118,784)	(99,000)
Principal repayment of ESOP loan	3,162	3,161
Net cash provided by financing activities	8,168,881	3,277,552
Net increase (decrease) in cash and cash equivalents	(3,938,042)	4,808,183
Cash and cash equivalents at beginning of year	7,681,748	19,704,682
Cash and cash equivalents at end of year	$ 3,743,706	$24,512,865
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest expense	$ 2,564,932	$ 2,349,089
Income taxes	$ 240,000	$ 90,000
Noncash item - foreclosed mortgage loans transferred to real estate owned	$ 44,566	$ 46,043
Dividends declared but not paid	$ 118,784	$ 99,000

See accompanying notes to consolidated financial statements.

PENNFIRST BANCORP, INC. AND SUBSIDIARIES

Consolidated Statement of Changes in Stockholders' Equity

Three Months Ended March 31, 1992 (Unaudited)

	Common Stock	Additional Paid in Capital	ESOP Debt	Unvested Shares Held by MRP	Retained Income	Total Stockholders' Equity
Balance at December 31, 1991...	$ 13,198	$11,492,130	$(250,717)	$(50,792)	$24,621,012	$35,824,831
Principal payment on Employee Stock Ownership Plan (ESOP) debt..........................	----	----	3,162	----	----	3,162
Accrued compensation expense for the Management Recognition Plan (MRP)....................	----	----	----	3,313	----	3,313
Cash dividends declared on Common Stock at $.09 per share.........................	----	----	----	----	(118,784)	(118,784)
Net income.....................	----	----	----	----	532,353	532,353
Balance at March 31, 1992......	$ 13,198	$11,492,130	$(247,555)	$(47,479)	$25,034,581	$36,244,875

See accompanying notes to consolidated financial statements.

PENNFIRST BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with instructions for Form 10-Q and therefore do not include information or footnotes necessary for a complete presentation of financial condition, results of operations, and cash flows in conformity with generally accepted accounting principles. However, all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary for a fair presentation have been included. The results of operations for the three months ended March 31, 1992 are not necessarily indicative of the results which may be expected for the entire fiscal year.

2. RECLASSIFICATION OF PRIOR YEAR'S STATEMENTS

Certain items previously reported have been reclassified to conform with the current year's reporting format.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 1992

General

PennFirst Bancorp, Inc. ("PennFirst" or the "Company") is the parent holding company of Ellwood Federal Savings Bank (the "Savings Bank" or "Ellwood Federal"). The operating results of PennFirst depend primarily upon its net interest income, which is determined by the difference between interest and dividend income on interest-earning assets, principally loans, mortgage-backed securities and investment securities, and interest expense on interest-bearing liabilities, which consist of deposits and borrowings. The Company's net income also is affected by its provision for possible losses on loans, as well as the level of its non-interest income, including loan origination and other fees, and its non-interest expenses, such as employee salaries and benefits, occupancy costs and income taxes.

In general, thrift institutions are vulnerable to an increase in interest rates to the extent that interest-bearing liabilities mature or reprice more rapidly than interest-earning assets. The lending activities of thrift institutions, including the Savings Bank, have historically emphasized the origination of long-term, fixed-rate loans secured by single-family residences, and the primary source of funds of such institutions has been deposits. As a result of the authorization of deposit accounts which bear interest rates that reflect market rates and the removal of limitations on interest rate ceilings on deposit accounts, the last of which was removed effective March 31, 1986, the deposit accounts of thrift institutions largely mature or are subject to repricing within a short period of time. This factor, in combination with substantial investments in long-term, fixed-rate loans, has historically caused the income earned by thrift institutions, including the Savings Bank, on their loan portfolios to adjust more slowly to changes in interest rates than their cost of funds. While having liabilities that reprice more frequently than assets is generally beneficial to net interest income in times of declining interest rates, such an asset/liability mismatch is generally detrimental during periods of rising interest rates. To reduce the effect of adverse changes in interest rates on its operations, the Company has implemented the asset and liability management policies described below.

Asset and Liability Management

PennFirst maintains a program designed to preserve the Company's relatively low exposure to material and prolonged increases in interest rates. The principal determinant of the exposure of PennFirst's earnings to interest rate risk is the timing difference between the repricing or maturity of PennFirst's interest-earning assets and the repricing or maturity of its interest-bearing liabilities. PennFirst's asset and liability management policies have increased the Company's interest rate sensitivity primarily by shortening the maturities of PennFirst's interest-earning assets while at the same time extending the maturities of PennFirst's interest-bearing liabilities. The Board of Directors of PennFirst continues to believe in strong asset/liability management in order to insulate the Company from material and prolonged increases in interest rates. As a result of this policy, the Board recently determined to restructure the Company's portfolio of assets in order to emphasize a larger, more diversified portfolio of residential mortgage loans in the form of mortgage-backed securities. The Company's mortgage-backed securities portfolio consists of both adjustable-rate as well as fixed-rate securities that have expected weighted average lives of between three and seven years. The foregoing strategy resulted in decreases in both loans receivable and investment securities during the three months ended March 31, 1992 combined with an increase of $18.3 million or 10.4% in mortgage-backed securities.

The Company's Board of Directors established an Asset and Liability Management Committee consisting of two outside directors and the President and Chief Executive Officer of the Company. This committee, which meets quarterly, generally monitors various asset and liability management policies which were implemented by the Savings Bank over the past few years. These strategies have included: (i) the restructuring of the Company's asset portfolio as described above; (ii) an emphasis on the origination of single-family residential adjustable-rate mortgages ("ARMs") and commercial real estate loans, which generally have adjustable or floating interest rates and/or shorter maturities than traditional single-family residential loans, and consumer loans, which generally have shorter terms and higher interest rates than mortgage loans; and (iii) maintaining the weighted average maturity of the Company's investment portfolio at five years or less.

As of March 31, 1992, the implementation of these asset and liability initiatives resulted in the following: (i) $40.4 million or 54.3% of the Company's total loan portfolio had adjustable interest rates or maturities of less than 12 months; (ii) $17.5 million or 40.0% of the Company's portfolio of single-family residential mortgage loans consisted of ARMs; (iii) $82.0 million or 42.0% of the Company's portfolio of mortgage-backed securities were secured by ARMs; and (iv) $8.3 million or 94.0% of the Company's investment securities portfolio had scheduled maturities of five years or less.

The implementation of the foregoing asset and liability strategies has resulted in the Company being able to maintain a one-year interest rate sensitivity GAP ranging between a positive

10.0% of total assets to a negative 10.0% of total assets. The one-year interest rate sensitivity GAP is defined as the difference between the Company's interest-earning assets which are scheduled to mature or reprice within one year and its interest-bearing liabilities which are scheduled to mature or reprice within one year. At March 31, 1992, the Company's interest-earning assets maturing or repricing within one year totaled $146.7 million while the Company's interest-bearing liabilities maturing or repricing within one-year totaled $159.1 million, providing a deficiency of interest-earning assets over interest-bearing liabilities of $12.4 million or a negative 4.3% of total assets. At March 31, 1992, the percentage of the Company's assets to liabilities maturing or repricing within one year was 92.18%. The Company's one-year GAP decreased from a negative 2.4% of total assets at December 31, 1991 to the negative 4.3% of total assets at March 31, 1992 as a result of the Company's purchase in 1992 of $37.2 million of fixed-rate mortgage-backed securities with an expected weighted average life of approximately six years. The purchase of such fixed-rate mortgage-backed securities have enhanced the Company's yield on its mortgage-backed securities portfolio and will not have a significant adverse effect on the Company's interest rate sensitivity GAP. The Company does not presently anticipate that its one-year interest rate sensitivity GAP will fluctuate beyond a range of a positive 10.0% of total assets to a negative 10.0% of total assets.

Results of Operations

PennFirst reported net income of $532,000 and $423,000 during the three months ended March 31, 1992 and 1991, respectively. Net income increased by $109,000 during the three months ended March 31, 1992 when compared to the same period in 1991. The increase was primarily the result of a $517,000 increase in net interest income and a $75,000 increase in non-interest income, which more than offset an increase in non-interest expense of $392,000, an increase in income tax expense of $67,000 and an increase in the provision for possible losses on loans of $23,000.

Net Interest Income. The Company's net interest income increased by $517,000 or 28.4% during the three months ended March 31, 1992 when compared to the same period in 1991. This increase resulted from an increase in total interest income of $900,000 or 18.4%, which offset an increase of $383,000 or 12.5% in total interest expense for the three months ended March 31, 1992 when compared to the same period in the prior year. The increase in total interest income was primarily attributable to an increase in the average balance of mortgage-backed securities. The increase in total interest expense was due primarily to an increase in the average balance of interest-bearing liabilities.

Interest Income. Interest on loans decrease by $390,000 or 19.0% for three months ended March 31, 1992, when compared with the same period in 1991. The decrease in 1992 was due primarily to a decline in weighted average yield of 107 basis points for the three months ended March 31, 1992, when compared to the same period in 1991 The decrease in interest on loans was also due to a $7.6 million decrease in the average balance of loans outstanding. The decline in the weighted average yield was due to a decrease in short-term market rates. The decline in the Company's average balance of loans reflected the Company's restructuring of its asset portfolio and the increased purchases of mortgage-backed securities. See "-Asset and Liability Management."

Interest on mortgage-backed securities increased $1.7 million or 78.3% for the three months ended March 31, 1992, when compared with the same period in 1991. The significant increase was due primarily to a $105.1 million increase in the average balance of mortgage-backed securities. The significant increase in the average balance of mortgage-backed securities reflected the asset restructuring and purchases of mortgage-backed securities referred to above. During the three months ended March 31, 1992, the Company purchased $37.2 million of additional mortgage-backed securities, consisting primarily of Federal National Mortgage Association ("FNMA") mortgage participation certificates and, to a lesser extent, Federal Home Loan Mortgage Corporation ("FHLMC") mortgage participation certificates.

Interest and dividends on investment securities and other interest-earning assets (consisting primarily of U. S. Government and agency obligations, corporate obligations, interest-earning deposits and FHLB of Pittsburgh stock) decreased by $400,000 or 58.7% for the three months ended March 31, 1992, when compared with the same period in 1991. The decrease resulted primarily from a decline of $10.0 million in the average balance of investment securities outstanding. The decrease in the average balance of investment securities reflected the restructuring of the Company's asset portfolio and the investment of the proceeds from maturing loans and investments into mortgage-backed securities.

Interest Expense. Interest expense on deposits, the largest component of the Company's interest-bearing liabilities, decreased slightly by $51,000 or 1.7% for the three months ended March 31, 1992, when compared with the same period in 1991. The decrease reflected a significant decline of 139 basis points in the weighted average rate paid on the Company's deposits, which more than offset a $40.6 million increase in the average balance of deposits outstanding. The average rate paid on deposits declined due to a general decrease in short-term interest rates. The increase in the average balance of deposits during 1992, as compared to the same period in 1991, was primarily due to the Savings Bank's acquisition of $37.0 million of deposits from the Resolution Trust Corporation ("RTC") in November 1991.

Interest on borrowings (consisting of advances from the FHLB of Pittsburgh, Treasury Tax and Loan Note Payable and Employee Stock Ownership Plan Note Payable) increased by $435,000 or 412.9% for the three months ended March 31, 1992, when compared to the same period in 1991. This increase was primarily due to an increase of $37.6 million in the average balance of such borrowings during the period due primarily to the purchase of $37.2 million in fixed-rate mortgage-backed securities which were funded at a positive interest rate spread through short-term advances from the FHLB of Pittsburgh.

Provisions for Possible Loan Losses. Provisions for possible loan losses are charged to earnings to bring the total allowance to a level considered appropriate by management based on historical experience, the volume and type of lending conducted by the Savings Bank, the status of past due principal and interest payments, general economic conditions, particularly as they relate to the Savings Bank's market area, and other factors related to the collectibility of the Savings Bank's loan portfolio.

PennFirst established provisions for possible loan losses of $149,000 and $126,000 for the three months ended March 31, 1992 and 1991, respectively. The provision in 1992 was primarily due to increases in the Savings Bank's general allowance for losses on loans. The provision during 1991 was primarily related to specific reserves with respect to the Savings Bank's largest loan, which subsequently was determined to be an in-substance foreclosure. The borrower was an equipment leasing company located in Carnegie, Pennsylvania. On March 15, 1991, this borrower filed for protection under Chapter 11 of the Federal Bankruptcy Code. A voluntary petition to convert to Chapter 7 was subsequently approved and a court appointed trustee has been named to oversee the liquidation of this borrower's assets and to distribute the proceeds to its creditors. The Savings Bank holds a first mortgage on the borrower's real estate. The Savings Bank will continue to analyze this asset to determine if any additional specific provisions are necessary. During 1991, the Savings Bank charged-off $413,000 in specific reserves relating to this loan and reclassified the loan as real estate owned. The Savings Bank had a $1.3 million net investment in the above real estate owned property as of March 31, 1992. As a result of the provision during the three months ended March 31, 1992, the Savings Bank's total allowance for loan losses at March 31, 1992 increased to $1.1 million or 1.36% of the Savings Bank's total loan portfolio, as compared to $952,000 or 1.22% at December 31, 1991.

Non-Interest Income. The Company's non-interest income increased by $75,000 or 57.9% for the three months ended March 31, 1992, when compared with the same period in 1991. The increase in 1992 was primarily due to increases in real estate owned rental income and fees on NOW accounts.

Fees and service charges increased by $21,000 or 16.4% for the three months ended March 31, 1992, when compared to the same period in 1991. As discussed above, the primary reason for the increase was due to an increase in fees on NOW accounts.

Miscellaneous other income increased by $54,000 for the three months ended March 31, 1992, when compared with the same period in 1991. The increase in 1992 was primarily due to an increase in real estate owned rental income. The increase in rental income was attributable to the Company's two largest real estate owned properties.

Non-Interest Expense. Non-interest expense increased by $392,000 or 35.9% for the three months ended March 31, 1992, when compared with the same period in 1991. The increase in 1992 was primarily attributable to: (1) a provision for loss on a fixed asset; (2) increases in salaries and personnel costs; and (3) expenses associated with the Company's two largest real estate owned properties.

The largest component of the Company's non-interest expense is salaries and personnel costs, which increased by $69,000 or 14.2% for the three months ended March 31, 1992, when compared to the same period in 1991. The increase in 1992 was primarily due to the hiring of additional personnel due to the acquisition of a branch office from the RTC and the related assumption of $37.0 million of deposit liabilities. The increase was also aided by, to a lesser extent, normal salary increases.

Premises and occupancy costs increased by $15,000 or 9.6% for the three months ended March 31, 1992, when compared to the same period in 1991. The increase in 1992 was attributable to increased operating costs primarily associated with the acquisition of a branch office from the RTC.

Federal insurance premiums increased by $21,000 or 21.5% for the three months ended March 31, 1992, when compared to the same period in 1991. Federal insurance premiums are a function of the size of the Savings Bank's deposit base. Premiums were assessed by the Federal Deposit Insurance Corporation ("FDIC") during the respective periods.

Data processing costs showed a increase of $28,000 or 41.1% for the three months ended March 31, 1992, when compared to the same period in 1991. The increase in 1992 was primarily due to the increase in operating costs associated with the acquisition of $37.0 million of deposits from the RTC.

Advertising expenses decreased slightly by $1,000 or 3.4% for the three months ended March 31, 1992 when compared to the same period in 1991. The decline was due to a reduction in radio and newspaper advertising.

The Company experienced gains on real estate owned of $8,000 and $36,000 for the three months ended March 31, 1992 and 1991, respectively. The gains experienced during the respective periods reflect recoveries on real estate owned relating primarily to the Company's investment in mortgage pass-through certificates ("EPIC Certificates"). Net receipts on the EPIC Certificates exceeded the net realizable value on the respective individual properties collateralizing such EPIC Certificates which resulted in the gains. There are no assurances, however, that the rate and amount of payments and receipts contemplated by the Company's evaluation of such net realizable value will be achieved on the remaining properties.

Miscellaneous other expenses, which consist primarily of professional fees, forms, supplies, bank charges, postage, insurance expenses, automated teller machine ("ATM") expenses, amortization of intangible assets, and provisions for losses on fixed assets increased by $230,000 or 78.7% for the three months ended March 31, 1992, when compared to the same period in 1991. The increase in 1992 was primarily due to: (1) a provision for loss of $78,000 as a result of a branch office building being adjusted to its fair value (the branch office was closed in January 1992); (2) a $62,000 increase in expenses with respect to real estate owned which related to the carrying costs associated with the Company's two largest real estate owned properties; and (3) professional legal fee increases of $43,000 which were associated with litigation matters.

Income Taxes. The Company incurred a provision for income taxes of $371,000 and $305,000 which reflected an effective tax rate of 41.1% and $41.8% for the three months ended March 31, 1992 and 1991, respectively. The effective tax rates have increased in recent years, as a result of the Company's increases in general reserve provisions which are excluded as a deductible item for federal income tax purposes. The overall increase in income taxes was primarily due to an increase in the Company's income before income taxes.

Liquidity and Capital Resources

The assets of the PennFirst totaled $292.3 million at March 31, 1992 compared to $282.5 million at December 31, 1991. The $9.8 million or 3.5% increase in total assets was due primarily to purchases of mortgage-backed securities, which were primarily funded by an increase in the Company's liabilities of $9.4 million. As discussed above, the Company's liabilities increased by $9.4 million or 3.8% to $256.0 million as of March 31, 1992 from $246.6 million as of December 31, 1991. The primary reason for the growth in the Company's liabilities was due to the $26.5 million increase in the Company's borrowed funds as a result of the purchase of $37.2 million of fixed-rate mortgage-backed securities during the three months ended March 31, 1992 which were funded at a positive interest rate spread through short-term advances from the FHLB of Pittsburgh. Total stockholders' equity as of March 31, 1992 increased to $36.2 million principally as a result of the Company's net income of $532,000 for the three months ended March 31, 1992. Also, dividends totaling $118,784 were declared during the three months ended March 31, 1992.

As of March 31, 1992, under federal regulations, Ellwood Federal (the wholly owned subsidiary of PennFirst) was required to maintain: (1) tangible capital at least equal to 1.5% of adjusted total assets or $4.2 million; (2) core capital at least equal to 3% of adjusted total assets or $8.4 million; and (3) total capital equal to 7.2% of risk-weighted assets or $7.0 million. The required risk-based capital ratio increases to 8% of risk-weighted assets on December 31, 1992. In measuring an institution's compliance with all three capital standards, savings associations or banks must deduct from their capital, with several exceptions, their investments in, and advances to, subsidiaries engaged (as principal) in activities not permissible for national banks. There is a five year phase-in of this provision for investments held as of April 12, 1989 (i.e., generally, no deduction is required prior to July 1, 1990, phasing into a 100% deduction on July 1, 1994). At March 31, 1992, the Savings Bank had no significant investments in, or advances to, subsidiaries engaged in nonpermissible activities. Also, all equity investments in equity securities (except for subsidiaries and service corporations) and real property (except for real property used as offices for the conduct of business and certain real estate owned) must be deducted from total capital for purposes of the risk-based capital standard over a five year phase-in period commencing July 1, 1990. At March 31, 1992, Ellwood Federal had no significant investment in such assets. Furthermore, supervisory goodwill and most other intangible assets must also be deducted from the calculation of core capital with the supervisory goodwill deduction being phased-in over a period of five years. Ellwood Federal had no supervisory goodwill as of March 31, 1992 and, accordingly, none was included in its capital calculation. However, the Savings Bank had approximately $144,000 in intangible assets which were deducted from its capital calculation as of March 31, 1992. As of March 31, 1992, Ellwood Federal maintained core capital and tangible capital equal to $25.4 million or 9.0% of adjusted total assets and total capital equal to $26.3 million or 27.0% of total risk-weighted assets. As of March 31, 1992, Ellwood Federal's core capital and tangible capital exceeded the required capital amounts by $16.9 million and $21.1 million, respectively, while the Savings Bank's risk-based capital exceeded the required risk-based capital amount by $19.3 million.

In addition, in April 1991, the Office of Thrift Supervision ("OTS") proposed to modify the core capital requirement in the same manner as has recently been done by the Comptroller of the Currency for national banks. Under the OTS proposal, only savings associations rated a composite 1 under the OTS MACRO rating system will be permitted to operate at or near the regulatory minimum leverage ratio of 3%. For all other savings associations, the minimum core capital leverage ratio will be 3% plus at least an additional 100 to 200 basis points. Furthermore, the OTS has also recently issued a proposed rule to add an interest rate risk component to its risk-based capital requirement. However, in August 1991, the OTS announced that it was delaying incorporating interest rate risk into the risk-based capital regulation until late 1992 in order to evaluate comments received on the proposal and to field test the proposal. Due to Ellwood Federal's strong capitalization, management does not believe that the OTS' adoption of these requirements as proposed would materially adversely affect its operations.

Ellwood Federal is required under applicable federal regulations to maintain specified levels of "liquid" investments including United States government and federal agency securities and other investments. Regulations currently in effect require the Savings Bank to maintain liquid assets of not less than 5% of its net withdrawable accounts plus short-term borrowings ("liquidity base") of which short-term liquid assets must consist of not less than 1%. These levels are changed from time to time by the OTS to reflect economic conditions. Ellwood Federal's liquidity has recently been influenced by general economic conditions, financial market conditions and fluctuations in the interest rates and products offered by competing entities. Although the Savings Bank has consistently maintained liquidity well in excess of OTS requirements, the restructuring of the Company's asset portfolio has generally reduced the Savings Bank's overall liquidity. At March 31, 1992, the level of the Savings Bank's liquid assets as a percentage of the liquidity base was 5.9% and was in compliance with applicable regulations.

PennFirst's primary source of funds generally have been deposits obtained through the Savings Bank's offices and, to a lesser extent, amortization and prepayments of outstanding loans, maturing investment securities and borrowings from the FHLB of Pittsburgh. During the three months ended March 31, 1992, the Savings Bank used its sources of funds primarily to purchase mortgage-backed securities, and to a lesser extent, the funding of loan commitments. At March 31, 1992, the Savings Bank had outstanding loan commitments totaling $4.6 million and $1.7 million of undisbursed loans in process.

At March 31, 1992, savings certificates amounted to $127.8 million or 59.6% of the Savings Bank's total deposits, including $97.3 million which were scheduled to mature by March 31, 1993. At the same date, the total amount of FHLB advances which were scheduled to mature by March 31, 1993 was $21.1 million. Management of the Savings Bank believes that it has adequate resources to fund all of these commitments, that all of these commitments will be funded by March 31, 1993 and that, based upon past experience and current pricing policies, it can adjust the rates of savings certificates to retain a substantial portion of its maturing certificates.

PennFirst's nonperforming assets totaled $4.0 million at March 31, 1992 or 1.4% of total assets. Nonperforming assets consist of nonaccrual loans and real estate owned. A loan is placed on a nonaccrual basis when such loan becomes ninety days or more delinquent. Nonperforming assets at March 31, 1992 consisted primarily of $461,000 in single-family loans, $1.4 million in multi-family residential and commercial real estate loans, $149,000 in consumer loans, and $2.0 million in real estate owned, net of reserves. Nonperforming assets totaled $2.9 million at December 31, 1991 or 1.0% of total assets and consisted primarily of $472,000 in single-family loans, $270,000 in multi-family residential and commercial real estate loans, $121,000 in consumer loans, and $2.1 million in real estate owned, net of reserves. Approximately $6,000 of additional gross interest income would have been recorded during the three months ended March 31, 1992, if the Company's nonaccrual loans had been current in accordance with their original terms and outstanding throughout the three months ended March 31, 1992.

Impact of Inflation and Changing Prices

The Consolidated Financial Statements of the Company and related notes presented herein have been prepared in accordance with generally accepted accounting principles which require the measurement of financial position and operating results in terms of historical dollars, without considering changes in the relative purchasing power of money over time due to inflation.

Unlike most industrial companies, substantially all of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates have a more significant impact on a financial institution's performance than the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the prices of goods and services, since such prices are affected by inflation to a larger extent than interest rates. In the current interest rate environment, liquidity and the maturity structure of PennFirst's assets and liabilities are critical to the maintenance of acceptable performance levels.

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings

The Company is involved only in routine legal proceedings occurring in the ordinary course of business which in the aggregate are believed by management to be immaterial to the financial condition of the Company.

ITEM 2. Changes in Securities

Not applicable

ITEM 3. Defaults Upon Senior Securities

Not applicable.

ITEM 4. Submission of Matters to a Vote of Security Holders

The Savings Bank announced at its Annual Meeting of Stockholders, held on April 29, 1992, that the following proposals were approved:

Election of Directors. (Proposal One)

Directors elected to the Board: George William Blank, Jr. and Lloyd L. Kildoo each for a term of three years, expiring in 1995. There were 981,837 and 974,935 affirmative votes cast for the election of Mr. Blank and Mr. Kildoo, respectively. The number of negative votes cast were 23,409 and 30,311 for Mr. Blank and Mr. Kildoo, respectively. Other directors of the Company consist of Charlotte A. Zuschlag (term expiring in 1994), Marvin A. Luxenberg (term expiring in 1994), William B. Salsgiver (term expiring in 1994), Stanley B. Kraus (term expiring in 1993) and Herbert S. Skuba (term expiring in 1993).

PennFirst Bancorp, Inc. 1992 Stock Incentive Plan. (Proposal Two)

A proposal to adopt the PennFirst Bancorp, Inc. 1992 Stock Incentive Plan ("Stock Incentive Plan"). There were 902,867 affirmative votes cast for the proposal to adopt the Stock Incentive Plan. The number of negative votes cast were 55,007. The number of votes abstaining were 47,372.

Ratification of Selection of Independent Public Accounts. (Proposal Three)

The ratification of the appointment of KPMG Peat Marwick as PennFirst's independent public accountants for the year ending December 31, 1992. There were 982,897 affirmative votes cast for this proposal and negative votes cast totaled 2,750. The number of votes abstaining were 19,599.

ITEM 5. Other Information

None

ITEM 6. Exhibits and Reports on Form 8-K

By letter dated March 18, 1992, the Company filed with the OTS a Current Report on Form 8-K ("FORM 8-K"). The Form 8-K reported under Item 5., the declaration of a $.09 dividend per common share during the quarter.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PENNFIRST BANCORP, INC.

May 13, 1992
Date

BY: Charlotte A Zuschlag
Charlotte A. Zuschlag
President and Chief Executive Officer

May 13, 1992
Date

BY:
Eugene J. Baur, Jr.
Senior Vice President and Chief Financial Officer (Principal Financial Officer)

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MANUALLY SIGNED

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the period ended March 31, 1992 M 92-2246

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ________ to ________

Commission File Number: 0-19760

Plains Spirit Financial Corporation
(Exact name of registrant as specified in its charter)

Delaware	42-1378462
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

131 W. Third Street, Davenport, Iowa 52801
(Address of principal executive offices) (Zip Code)

(319) 326-0121
(Registrant's telephone number, including area code)

(Former name, former address, and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[X] Yes [ ] No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Oustanding at May 1, 1992
Common stock	2,070,000

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PAGE 1 OF 11 SEQUENTIALLY NUMBERED PAGES.
THERE ARE NO EXHIBITS INCLUDED HEREIN.

PLAIN'S SPIRIT FINANCIAL CORPORATION
AND SUBSIDIARY

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Consolidated condensed statements of income, three and six months ended March 31, 1992 and 1991 (unaudited) — 2

Consolidated condensed statements of cash flows, six months ended March 31, 1992 and 1991 (unaudited) — 3 and 4

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PLAINS SPIRIT FINANCIAL CORPORATION
AND SUBSIDIARY

CONSOLIDATED CONDENSED STATEMENTS OF FINANCIAL CONDITION

ASSETS	March 31, 1992 (Unaudited)	September 30, 1991
	(In Thousands)	
Interest-bearing deposits	$ 38,150	$ 18,100
Noninterest-bearing deposits and cash	4,655	775
Federal funds sold	1,000	4,300
Cash and cash equivalents	$ 43,805	$ 23,175
Investment securities	5,992	14,367
Loans receivable, net	222,204	217,952
Mortgage-backed securities	63,536	61,814
Federal Home Loan Bank stock, at cost	2,490	2,382
Accrued interest receivable	1,647	2,275
Real estate acquired in settlement of loans	125	128
Office premises and equipment, net	4,143	3,959
Prepaid expenses and other assets	702	683
Deferred income tax charges	144	144
	$ 344,788	$ 326,879

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 1992	September 30, 1991
Liabilities:		
Savings deposits	$ 277,554	$ 279,754
Reverse repurchase agreements	- -	4,712
Advances from Federal Home Loan Bank	10,000	8,000
Advance payments by borrowers for taxes and insurance	1,369	883
Accrued expenses and other liabilities	4,293	4,947
Income taxes payable	304	107
Deferred income	386	529
Total liabilities	$ 293,906	$ 298,932
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	$ - -	$ - -
Common stock	21	- -
Additional paid-in capital	21,828	- -
Retained earnings, substantially restricted	29,033	27,947
Total stockholders' equity	$ 50,882	$ 27,947
	$ 344,788	$ 326,879

Note: The Consolidated Condensed Statement of Financial Condition as of September 30, 1991 has been taken from the audited financial statement at that date.

See Notes to Consolidated Condensed Financial Statements.

PLAINS SPIRIT FINANCIAL CORPORATION
AND SUBSIDIARY

CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(In Thousands Except Per Share Data)

	Three Months Ended March 31,	
	1992	1991
	(Unaudited)	
Interest income:		
Interest on loans	$ 5,119	$ 5,804
Interest on mortgage-backed securities	993	812
Interest on investment securities	260	354
Other interest income	256	309
Total interest income	$ 6,628	$ 7,279
Interest expense:		
Interest on savings	$ 3,980	$ 4,960
Interest on advances from FHLB and other borrowings	229	169
Total interest expense	$ 4,209	$ 5,129
Net interest income	$ 2,419	$ 2,150
Provision for possible loan losses	120	118
Net interest income after provision for possible loan losses	$ 2,299	$ 2,032
Other income:		
Servicing fees	$ 230	$ 76
Gain on sale of interest earning assets	71	- -
Other income	153	62
Total other income	$ 454	$ 138
Other expenses:		
Compensation and benefits	$ 974	$ 754
Occupancy	116	112
Furniture, equipment, and data processing	97	62
Federal insurance	149	143
Other real estate owned expense, net	7	19
Other	401	266
Total other expenses	$ 1,744	$ 1,356
Income before income taxes	$ 1,009	$ 814
Provision for income taxes	369	303
Net income	$ 640	$ 511
Average number of common shares outstanding	2,070	- -
Net income per share of common stock	$ .31	- -
Dividends declared per share	- -	- -

See Notes to Consolidated Condensed Financial Statements.

Six Months Ended March 31,	
1992	1991
(Unaudited)	
$ 10,402	$ 11,731
2,054	1,472
498	704
518	703
$ 13,472	$ 14,610
$ 8,412	$ 10,054
485	342
$ 8,897	$ 10,396
$ 4,575	$ 4.214
183	228
$ 4,392	$ 3,986
$ 294	$ 132
76	57
360	180
$ 730	$ 369
$ 1,847	$ 1,514
226	216
180	124
296	265
19	(53)
843	564
$ 3,411	$ 2,630
$ 1,711	$ 1,725
625	627
$ 1,086	$ 1,098
2,070	- -
$ .52	- -
- -	- -

PLAINS SPIRIT FINANCIAL CORPORATION
AND SUBSIDIARY

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

	Six Months Ended March 31,	
	1992	1991
	(Unaudited) (In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,086	$ 1,098
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	137	112
Provision for loan and real estate owned losses	12	41
Amortization of premiums and discounts on investment and mortgage-backed securities, net	43	35
Income deferred, net of amortization	(143)	175
(Gain) on sale of interest earning assets	(76)	(57)
Proceeds from loans sold	12,189	4,735
Loans originated for resale	(12,184)	(4,735)
Federal Home Loan Bank stock dividends	(108)	(109)
Changes in assets and liabilities:		
Decrease in accrued interest receivable	628	284
(Increase) decrease in prepaid expenses and other assets	(19)	471
(Decrease) in accrued expenses and other liabilities	(654)	(391)
Increase in income taxes payable	197	155
Net cash provided by operating activities	$ 1,108	$ 1,814
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investment securities	$ 20,480	$ 4,057
Purchase of investment securities	(11,993)	(2,000)
Principal repayments on mortgage-backed securities	8,130	1,654
Purchase of mortgage-backed securities	(9,936)	(16,583)
Purchase of loans	(2,972)	- -
Loan originations and principal payment on loans, net	(1,438)	4,652
Proceeds from sales of real estate acquired in settlement of loans	149	2,184
Purchases of property and equipment	(321)	(30)
Net cash provided by (used in) investing activities	$ 2,099	$ (6,066)

PLAINS SPIRIT FINANCIAL CORPORATION
AND SUBSIDIARY

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

	Six Months Ended March 31,	
	1992	1991
	(Unaudited) (In Thousands)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of common stock	$ 21,849	$ - -
Net increase (decrease) in demand deposits, NOW accounts, passbook savings accounts, and certificates of deposit	(2,200)	9,421
Principal payments on reverse repurchase agreements	(4,712)	- -
Proceeds from FHLB advances	2,000	- -
Net increase in mortgage escrow funds	486	214
Net cash provided by financing activities	$ 17,423	$ 9,635
Increase in cash and cash equivalents	$ 20,630	$ 5,383
Cash and cash equivalents:		
Beginning	23,175	14,744
Ending	$ 43,805	$ 20,127
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	$ 4,792	$ 5,323
Income taxes	428	- -
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Transfers from loans to real estate acquired through foreclosure	142	352
Loans originated from sale of real estate acquired in settlement of loans	167	1,007

See Notes to Consolidated Condensed Financial Statements.

PLAINS SPIRIT FINANCIAL CORPORATION
AND SUBSIDIARY

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Significant Accounting Policies

In the opinion of management, the accompanying unaudited consolidated condensed financial statements contain all adjustments (all which were normal recurring accruals) necessary for a fair presentation. The results of operations for the interim periods are not necessarily indicative of the results which may be expected for an entire year.

Note 2. Stock Conversion

On March 10, 1992, the Plains Spirit Financial Corporation sold 2,070,000 shares of common stock at $11.50 per share and simultaneously purchased all the outstanding common shares of First Federal Savings Bank of Iowa (First Federal) for $10,932,436 in a transaction accounted for as a purchase pooling of interests. As of March 10, 1992, the Bank's total capital, which was exclusively retained earnings, was $28,848,015. Earnings per share are reported as if the transaction occurred on October 1, 1991.

PLAINS SPIRIT FINANCIAL CORPORATION
AND SUBSIDIARY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General. The Company had net income of $640,000 and $1,086,000 for the three and six month periods ended March 31, 1992, as compared to $511,000 and $1,098,000 for the same periods in 1991. The primary reasons for the increase in net income for the three month period were an increase in net interest income and other income which was partially offset by an increase in other expenses. The decrease in net income for the six month period resulted from an increase in other expenses which eclipsed the increases in net interest income and other income.

Net interest income. Net interest income increased to $2,419,000 and $4,575,000 from $2,150,000 and $4,214,000, respectively, for the three and six month periods ended March 31, 1992, as compared to the same periods in 1991. Interest income decreased $651,000 for the three months ended March 31, 1992, primarily as a result of a general overall reduction in interest rates. Interest income decreased $1,133,000 for the six month period ended March 31, 1992, due to a general overall reduction in interest rates which was partially offset by increases in interest-bearing deposits and mortgage-backed securities balances. Interest expense decreased $920,000 in the three month period ended March 31, 1992, as compared to the same period in 1991, mainly as a result of reduced interest rates paid on deposits. Interest expense decreased $1,499,000 for the six month period ended March 31, 1992, when compared to the similar period in 1991, due to reduced interest rates paid on deposits, somewhat offset by increased interest paid on borrowings due to higher outstanding balances.

Provision for possible loan losses. The provision for loan losses was $229,000 and $485,000 for the three and six month periods ended March 31, 1992, respectively, compared to $169,000 and $342,000 for the similar periods in 1991. The increases resulted from greater additions to unallocated general reserves due to a more conservative approach regarding real estate values. Although the Company maintains the allowance for loan losses at a level which it considers to be adequate to provide for potential losses, there can be no assurance that such losses will not exceed the estimated amounts, thereby adversely affecting future results of operations.

Other income. Other income amounted to $454,000 and $730,000 for the three and six month periods ended March 31, 1992, as compared to $138,000 and $369,000 for the same periods in 1991. The increase for the three month period of $316,000 primarily resulted from: a $154,000 increase in servicing fees due to greater loan originations, a $71,000 increase in gain on sale of loans because of increased production of loans which were originated for sale, and a $91,000 increase in other income which reflects a $55,000 interest payment on overpaid taxes in a prior period and increased customer fees. The increase of $361,000 for the six month period ended March 31, 1992 primarily resulted from: a $162,000 increase in servicing fees representing increased loan originations, a $180,000 increase in other income which included a $55,000 interest payment on overpaid taxes of a prior year, and greater customer fees.

Other expense. Other expenses totaled $1,744,000 and $3,411,000 for the three and six month periods ended March 31, 1992, as compared to $1,356,000 and $2,630,000 for the similar periods in 1991. The increase of $388,000 for the three month period primarily resulted from: a $220,000 increase in compensation and benefits due to staff additions and greater incentive and benefit costs, and a $135,000 increase in other expenses which was predominantly caused by increased loan originations. The $781,000 increase for the six month period ended March 31, 1992 mainly arose due to compensation and benefit costs rising $333,000 due to additional staffing and increased benefit costs, a $72,000 increase in other real estate owned expense caused by fewer sales of real estate owned at a profit, and a $279,000 increase in other expense due to increased loan originations.

Financial condition developments. Cash and cash equivalents increased from $23,200,000 as of September 30, 1991 to $43,800,000 as of March 31, 1992. The $20,600,000 increase mainly resulted from the proceeds of common stock sold on March 10, 1992, as described in Note 2 to the condensed financial statements. Investment securities decreased 42% from $14,400,000 to $6,000,000 from September 30, 1991 to March 31, 1992. The $8,400,000 decrease was mainly used to fund the increases in loan receivables and mortgage-backed securities and to repay a reverse repurchase agreement. Stockholders' equity increased from $27,900,000 as of September 30, 1991, to $50,800,000 as of March 31, 1992. The $22,900,000 increase was mainly a result of the Company's sale of common stock.

As of March 31, 1992, First Federal had core capital of approximately $39,700,000 or 11.5% of tangible assets which exceeded the requirement of approximately $10,300,000 by $29,400,000.

The minimum tangible capital requirement is 1.5% of total assets. As of March 31, 1992, First Federal had tangible capital of approximately $39,700,000 or 11.5% of tangible assets which exceeded the requirement of approximately $5,200,000 by $34,500,000.

The risk-based requirement is 8% of the value of risk weighted assets. The risk-based requirement is to be phased in with 90% (7.2%) on December 31, 1990, and 100% after December 31, 1992. As of March 31, 1992, First Federal had a risk-based capital requirement of approximately $12,000,000 and the total of its core and supplementary capital of approximately $40,300,000 exceeded this requirement by approximately $28,300,000.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Plains Spirit Financial Corporation and the subsidiary are not engaged currently in any legal proceedings of a material nature

Item 2. Changes in Securities

Not applicable

Item 3. Defaults Upon Senior Securities

Not applicable

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable

Item 5. Other Information

Not applicable

Item 6. Exhibits and Report on Form 8-K

a. Not applicable

b. No reports on Form 8-K have been filed during the three months ended March 31, 1992

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PLAINS SPIRIT FINANCIAL CORPORATION
(Registrant)

Date May 13, 1992

By
William L. Wilke
(Duly Authorized Representative)
President

Date May 13, 1992

By Raymond J Jezek
Raymond J. Jezek
(Principal Financial Officer)
Treasurer

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 31, 1992

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to _______

Commission file number 33-15433 and 33-1543

QUEEN CITY BROADCASTING OF NEW YORK, INC.	QUEEN CITY BROADCASTING, INC.
(Exact name of registrant as specified in its charter)	
NEW YORK	DELAWARE
(State or other jurisdiction of incorporation or organization)	(State or other jurisdiction of incorporation or organization)
13-3315942	13-3285054
(I.R.S. Employer Identification Number)	(I.R.S. Employer Identification Number)

30 ROCKEFELLER PLAZA, 29TH FLOOR, NEW YORK, NEW YORK 10112
(Address of principal executive offices) (Zip Code)

Registrants' telephone number, including area code: (212) 698-7760

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

1,010,000 shares of common stock of Queen City Broadcasting, Inc. were outstanding at May 1, 1992. 100 shares of common stock of Queen City Broadcasting of New York, Inc., all of which are owned by Queen City Broadcasting, Inc., were outstanding at May 1, 1992.

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PART I. FINANCIAL INFORMATION
QUEEN CITY BROADCASTING, INC.
CONSOLIDATED BALANCE SHEETS

	March 31, 1992 (unaudited)	December 31, 1991 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,694,700	$ 2,421,314
Accounts receivable, net	3,707,909	4,932,320
Program rights	1,679,951	2,523,723
Prepaid expenses and other current assets	252,339	126,864
Total current assets	8,334,899	10,004,221
Property, plant and equipment, at cost:	15,104,096	15,000,034
Less accumulated depreciation	10,420,194	10,270,194
Property, plant and equipment, net	4,683,902	4,729,840
Intangible assets, net	42,803,723	43,121,110
Deferred financing charges, net	685,816	717,412
Program rights—noncurrent portion	544,244	579,626
Other assets	4,635	5,250
	$57,057,219	$59,157,459
LIABILITIES AND NET CAPITAL DEFICIENCY		
Current liabilities:		
Long term debt-current	$ 2,000,000	$ 2,000,000
Accounts payable	189,357	535,312
Accrued interest	1,257,594	1,225,481
Accrued compensation	379,695	399,363
Other accrued liabilities	232,980	229,956
Program rights payable	1,546,981	2,251,298
Total current liabilities	5,606,607	6,641,410
Program rights payable—noncurrent portion	547,945	598,668
Long-term debt	65,198,752	64,794,690
Net capital deficiency:		
Common stock—$.01 par value, authorized 2,000,000 shares; outstanding 1,010,000 shares after deducting 10,000 shares held in treasury	10,100	10,100
Additional paid-in capital	10,089,900	10,089,900
Accumulated deficit	(24,396,085)	(22,977,309)
Total net capital deficiency	(14,296,085)	(12,877,309)
	$57,057,219	$59,157,459

QUEEN CITY BROADCASTING, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three months ended	
	March 31, 1992	March 31, 1991
Gross revenues	$ 5,445,197	$ 5,304,145
Less agency commissions	736,838	707,007
Net revenues	4,708,359	4,597,138
Costs and expenses:		
Direct operating	2,514,593	2,619,945
Selling, general and administrative	1,221,708	1,086,602
Depreciation	150,000	540,000
Amortization of intangible assets	317,387	317,332
Total operating expenses	4,203,688	4,563,879
Operating income	504,671	33,259
Interest expense	1,906,324	2,027,619
Amortization of deferred financing charges	31,596	31,650
Other income, net	(21,973)	(41,947)
Loss before income taxes and extraordinary item	(1,411,276)	(1,984,063)
Income taxes	7,500	30,000
Net loss	$(1,418,776)	$(2,014,063)
Per common share:		
Net loss	$(1.40)	$(1.99)
Average common shares outstanding during the period	1,010,000	1,010,000

QUEEN CITY BROADCASTING, INC.

CONSOLIDATED STATEMENT OF NET CAPITAL DEFICIENCY (UNAUDITED)

	Common Stock	Paid-in Capital	Accumulated Deficit	Total
Balance at December 31, 1991.....	$10,100	$10,089,900	$(22,977,309)	$(12,877,309)
Net loss for the period..........	—	—	(1,418,776)	(1,418,776)
Balance at March 31, 1992........	$10,100	$10,089,900	$(24,396,085)	$(14,296,085)

QUEEN CITY BROADCASTING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three Months Ended	
	March 31, 1992	March 31 1991
Cash flows from operating activities:		
Net loss	$(1,418,776)	$(2,014,06
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	150,000	540,00
Amortization of intangibles	317,387	317,33
Amortization of deferred financing charges	31,596	31,65
Deferred interest—subordinated note	404,062	525,35
Decrease (increase) in:		
Accounts receivable	1,224,411	682,21
Program rights—current	843,772	761,82
Prepaid expenses and other current assets	(125,475)	(106,86
Increase (decrease) in:		
Accounts payable	(345,955)	(37,79
Accrued interest	32,113	32,11
Accrued compensation	(19,668)	(20,88
Other accrued liabilities	3,024	19,74
Program rights payable—current	(704,317)	(735,05
Decrease (increase) in program rights—noncurrent	35,382	196,90
Increase (decrease) in program rights payable—noncurrent	(50,723)	(334,46
Total adjustments	1,795,609	1,872,06
Net cash provided by (used for) operating activities	376,833	(141,99
Cash flows from investing activities:		
Capital expenditures	(104,062)	(360,63
Receipts from (payment for) other assets	615	24,32
Net cash used for investing activities	(103,447)	(336,30
Net increase (decrease) in cash and cash equivalents	273,386	(478,29
Cash and cash equivalents at beginning of period	2,421,314	3,057,36
Cash and cash equivalents at end of period	$ 2,694,700	$ 2,579,06
Supplemental disclosures of cash flow information:		
Cash paid for:		
Interest	$ 1,470,150	$ 1,470,15
Supplemental schedule of non-cash operating activities:		
Addition to program rights	$ 77,000	---

QUEEN CITY BROADCASTING, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. The results presented in the financial statements are unaudited, but in the opinion of management contain all adjustments necessary for a fair presentation of the results of operations. The results of operations include the accounts of Queen City Broadcasting, Inc. and its wholly-owned subsidiary, Queen City Broadcasting of New York, Inc., collectively referred to as the "Company."

QUEEN CITY BROADCASTING, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Revenues

Revenues are derived principally from national and local advertising and to a lesser extent from network compensation. The following table sets forth sources of revenues for the periods indicated (dollars in thousands):

	Three Months Ended March 31,		
	1992	1991	Increase (Decrease)
National/Regional Advertising	$ 2,390	$ 2,076	$ 314
Local Advertising	2,724	2,908	(184)
Network Compensation	280	281	(1)
Other	51	39	12
Gross Revenues	$ 5,445	$ 5,304	$ 141

First Quarter Ended March 31, 1992 Compared With First Quarter Ended March 31, 1991

Gross revenues for the first quarter 1992 were $5,445,197 compared with $5,304,145 for the first quarter 1991, an increase of 2.7%. National/Regional revenue for the first quarter 1991 increased $314,000 or 15.1% due to increases in corporate, paid programming, automotive, and retail categories of revenue. Local revenues for the first quarter decreased $184,000 or 6.3%. The decrease was caused by a decrease in Superbowl revenue (the game was carried by CBS in 1992), and decreases in banking, automotive, and health and fitness categories of revenue. The decreases were offset in part by increased revenue from paid programming.

Total Operating Expenses for the first quarter were $4,203,688 in 1992 compared with $4,563,879 in 1991, a decrease of 7.9%. The expense reduction was caused by less depreciation due to the assets purchased at acquisition being fully depreciated, also savings in News and Program department costs. The savings were offset in part by increases in General and Administrative, Promotional, and Sales department expenses.

Net Interest Expense (interest expense less interest income) for the first quarter 1992 decreased $101,321. The decrease is a result of the agreement between the Company and Capital Cities/ABC to amend the subordinated note due to Capital Cities. The amendment deferred all interest payments until July 2, 1993 and reduced the rate of interest from 13.5% to 8.5% per annum effective January 2, 1992 through July 2, 1993.

Net Loss for the first quarter was $1,418,776 in 1992 compared with $2,014,063 in 1991, a decrease of 29.6%. The decrease is attributable to the revenue increases and the decreases in depreciation and interest expense as described in the preceding paragraphs. Net Loss Per Common Share was $1.40 for the first quarter 1992 compared with $1.99 for the first quarter 1991.

Liquidity and Capital Resources

At March 31, 1992 cash and cash equivalents increased to $2,694,700 from $2,579,062 at March 31, 1991 due to increased revenues.

Station Broadcast Cash Flow (station operating income before non-cash items such as depreciation, amortization of intangibles, and certain cash items such as interest expense and corporate overhead expenses) for the quarter ended March 31, 1992 increased $140,512 from the quarter ended March 31, 1991. The increase is attributable to increased revenue and expense savings in News and Program departments.

A bank line of credit of $5,000,000 is available for general corporate and working capital purposes. As of May 1, 1992 all of the line was available.

PART II

OTHER INFORMATION

ITEM 1. Legal Proceedings

Neither the Company nor Queen City is a party to any law suit or legal proceeding which, in the opinion of management, individually or in the aggregate, is likely to have a material adverse effect on the Company or Queen City.

ITEM 2. Changes in Securities

Not applicable

ITEM 3. Defaults Upon Senior Securities

Not applicable

ITEM 4. Submission of Matters to a Vote of Security Holders

Not applicable

ITEM 5. Other Information

Not applicable

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Indenture between Queen City Broadcasting, Inc., Queen City Broadcasting of New York, Inc. and Manufacturers Hanover Trust Co., as trustee, incorporated by reference from exhibits to the registrants' annual report on Form 10-K, pp. 70-189 filed with the Securities and Exchange Commission on March 30, 1988.

(b) Reports on Form 8-K

None filed during first quarter 1992

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

QUEEN CITY BROADCASTING OF NEW YORK, INC.
(Registrant)

Date: May 11, 1992

(Signature)

Paul J. Cassidy
President and
Chief Operating Officer

Date: May 11, 1992

(Signature)

Kenneth J. Koller
Vice President and
Chief Financial Officer

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

QUEEN CITY BROADCASTING, INC.
(Registrant)

Date: May 7, 1992

(Signature)

Paul J. Cassidy
President and
Chief Operating Officer

Date: May 7, 1992

(Signature)

Kenneth J. Koller
Chief Accounting Officer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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92-2246

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter ended March 31, 1992	Commission File Number 0-16974

S.O.I. Industries, Inc.
(Exact name of Registrant as specified in its Charter)

DELAWARE (State of incorporation)	59-2158586 (I.R.S. Employer Identification No.)
1051 EAST 24th STREET HIALEAH, FLORIDA (Address of principal executive offices)	33013 (Zip code)
Registrant's telephone number	(305)835-2214

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 month (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO __

As of March 31, 1992 there were 10,359,470 shares of common stock outstanding.

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S.O.I. INDUSTRIES, INC.

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FORM 10-Q

S.O.I. INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS

Item 1. Financial Statements

ASSETS	March 31, 1992 Unaudited	June 30, 1991 Audited
CURRENT ASSETS		
Cash and Cash Equivalents	$ 889,270	$1,151,402
Note Receivable, Trade, Note 5	55,000	75,000
Accounts Receivable, Net of allowance for doubtful accounts	1,469,178	1,286,321
Inventories, Note 1	2,481,034	2,484,508
Loans Receivable, Officers, Note 4	19,017	33,849
Prepaid Income Taxes	57,819	86,614
Due From ESOP - Current portion, Note 6	128,571	128,571
Prepaid Expenses	141,778	142,380
TOTAL CURRENT ASSETS	5,241,667	5,388,645
PROPERTY, PLANT AND EQUIPMENT, Note 2	2,382,654	2,029,759
DUE FROM ESOP-Long term portion, Note 6	621,399	717,827
COVENANT NOT TO COMPETE, Net of accumulated amortization of $180,000 at March 31, 1992, and $135,000 at June 30, 1991.	120,000	165,000
GOODWILL, Net of accumulated amortization of $7,660 at March 31, 1992 and $6,220 at June 30, 1991.	65,931	67,371
OTHER ASSETS		
Prepaid Registration Fees, Note 7	88,635	89,047
Deposits and Other	42,412	29,439
TOTAL ASSETS	$8,562,698	$8,487,088

See notes to consolidated financial statements.

FORM 10-Q
S.O.I. INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS

	March 31, 1992 Unaudited	June 30, 1991 Audited
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current Portion, Long term debt - ESOP, Note 6	$ 128,571	$ 128,571
Trade Accounts Payable	358,458	539,925
Accrued Liabilities	45,383	47,942
TOTAL CURRENT LIABILITIES	532,412	716,438
DEFERRED INCOME TAXES PAYABLE, Note 1	116,000	116,000
MINORITY INTEREST, Note 3	1,407,523	1,184,367
NOTE PAYABLE - ESOP, Note 6	621,399	717,827
STOCKHOLDERS' EQUITY		
20,000,000 shares of Common Stock, $.000025 par value per share authorized; issued and outstanding at March 31, 1992 and June 30, 1991 - 10,359,470 shares	259	259
Additional Paid-in Capital	4,224,002	4,190,746
Retained Earnings	1,661,103	1,561,451
TOTAL STOCKHOLDERS' EQUITY	5,885,364	5,752,456
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$8,562,698	$8,487,088

See notes to consolidated financial statements.

FORM 10-Q
S.O.I. INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Nine Months Ended March 31,	
	1992	1991
SALES, Net	$8,559,744	$6,891,554
COST OF GOODS SOLD (exclusive of items shown separately below)	6,027,422	4,677,453
GROSS PROFIT	2,532,322	2,214,101
SELLING EXPENSES	730,667	725,655
GENERAL AND ADMINISTRATIVE EXPENSES (exclusive of depreciation and amortization shown separately below)	1,060,265	764,804
DEPRECIATION AND AMORTIZATION	403,740	311,940
OPERATING PROFIT	337,650	411,702
OTHER INCOME/(EXPENSES)		
Interest and Other Income	28,454	31,238
Interest Expense	(48,219)	(25,390)
Minority Interest	(150,821)	(62,439)
INCOME BEFORE PROVISION FOR INCOME TAXES	167,064	355,111
PROVISION FOR INCOME TAXES	64,034	137,000
NET INCOME	$ 103,030	$ 218,111
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	10,359,470	9,784,888
EARNINGS PER SHARE	$ .01	$ .02

See notes to consolidated financial statements.

FORM 10-Q
S.O.I. INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended March 31,	
	1992	1991
SALES, Net	$2,856,527	$2,378,544
COST OF GOODS SOLD (exclusive of items shown separately below)	1,963,887	1,686,088
GROSS PROFIT	892,640	692,456
SELLING EXPENSES	237,920	249,581
GENERAL AND ADMINISTRATIVE EXPENSES (exclusive of depreciation and amortization shown separately below)	368,882	326,804
DEPRECIATION AND AMORTIZATION	134,580	103,980
OPERATING PROFIT	151,258	12,091
OTHER INCOME/(EXPENSES)		
Interest and Other Income	9.072	7,106
Interest Expense	(13,288)	(20,300)
Minority Interest	(93,174)	(16,361)
INCOME BEFORE PROVISION FOR INCOME TAXES	53,868	(17,464)
PROVISION FOR INCOME TAXES	24,034	(6,000)
NET INCOME	$ 29,834	$ (11,464)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	10,359,470	9,784,888
EARNINGS PER SHARE	$ .00	$ .00

See notes to consolidated financial statements.

FORM 10-Q
S.O.I. INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended March 31, 1992		Nine Months Ended March 31, 1991	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income		$103,030		$218,111
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities				
Depreciation and Amortization	$ 403,740		$ 311,940	
Change in Accounts Receivable	(182,857)		(574,044)	
Change in Inventories	3,474		(79,492)	
Change in Marketable Securities	-0		103,198	
Change in Loan Receivable, Officers	14,832		68,690	
Change in Note Receivable	20,000		0-	
Change in Prepaid Expenses	1,014		38,346	
Change in Accounts Payable	(181,467)		7,680	
Change in Accrued Liabilities	(2,559)		7,083	
Change in Income Taxes Payable and Deferred Taxes	-0		(63,606)	
Change in Minority Interest	219,778		237,954	
Change in Prepaid Income Taxes	28,795		(5,253)	
Total Adjustments		324,750		52,496
Net Cash Provided (Used) in Operating Activities		427,780		270,607
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures for Acquisition of Property, Plant and Equipment	(710,195)		(318,979)	
Change in Other Assets	(12,973)		(11,297)	
Total from Investing Activities		(723,168)		(330,276)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net Short Term Borrowing	-0		(290,000)	
Proceeds from Issuance of Common Stock	33,256		106,710	
Total from Financing Activities		33,256		(183,290)
INCREASE (DECREASE) IN CASH		(262,132)		(242,959)
Cash at Beginning of Period		1,151,402		1,150,237
Cash at End of Period		$ 889,270		$ 907,278

Note - "Cash refers to cash and cash equivalents.
See notes to consolidated financial statements.

S.O.I. INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of Consolidation -- The accompanying consolidated financial statements include the accounts of S.O.I. Industries, Inc. (the "Company") and its subsidiaries, Tempo Lighting, Inc., MagneTech Corporation, Drake Studio, Ltd., a/k/a CeraTech Corporation, and Omni Doors, Inc. All significant intercompany transactions have been eliminated.

During the year ended June 30, 1991, a corporate reorganization was effected in which the assets, liabilities and operations of the Company were transferred to a new wholly owned subsidiary, Tempo Lighting, Inc. The primary business of the Company now is to provide executive managerial functions for the consolidated group.

b. Basis of Presentation -- In the opinion of management, the accompanying unaudited financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to conform with generally accepted accounting principles. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

c. Inventories -- The Company measures inventory and cost of goods sold for interim financial statements by use of a historically developed gross profit percentage. Annually, the Company adjusts the inventory to reflect the results of a physical count. The inventories are valued at the lower of cost (first-in, first-out method) or market. Inventories consisted of the following:

	March 31, 1992	June 30, 1991
Raw materials	$1,860,776	$2,183,208
Work-in process	248,103	204,373
Finished goods	372,155	96,927
	$2,481,034	$2,484,508

d. Intangibles -- Intangibles which includes a covenant not to compete and goodwill are recorded at cost. The covenant not to compete commenced March 1989 and, the cost of such covenant is being amortized on a straight-line basis over the contractual period of five years. Goodwill (excess of purchase price over values ascribed to identifiable tangible net assets) and the covenant not to compete are being amortized on a straight-line basis over forty years in accordance with Accounting Principles Board Opinion No. 17. The aforementioned were acquired pursuant to the purchase of the assets of CeraTech Corporation.

e. Income Taxes -- Deferred income taxes result from timing differences in the recognition of revenues and expenses for tax and financial statement purposes. The major component of this difference is depreciation.

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards No. 96 "Accounting for Income Taxes." FASB No. 96 provides that deferred income taxes be recorded using the liability method and restricts the conditions under which a deferred asset may be recorded. The Company did not adopt this standard for 1991 and, accordingly, has not determined the impact of the standard on its financial statements.

The Company files a consolidated federal income tax return with all of its subsidiaries (except MagneTech Corporation which files separately) and a consolidated Florida income tax return (except for MagneTech Corporation which files separately and CeraTech Corporation which separately files an Illinois return). The provision for income taxes per the Consolidated Statements of Income is the normal federal rate of 34% plus the after tax rate of the state income taxes.

S.O.I. INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. PROPERTY PLANT AND EQUIPMENT

Property and equipment are recorded at cost. The Company depreciates its property, plant and equipment on a straight-line basis over the estimated useful lives of the related assets for financial reporting purposes. Property and accumulated depreciation are summarized as follows:

	March 31, 1992	June 30, 1991
PROPERTY		
Land	$ 73,000	$ -0
PLANT		
Buildings	325,000	-0
Leasehold Improvements	313,572	310,492
Total Plant	638,572	310,492
EQUIPMENT		
Machinery and equipment	2,660,643	2,376,661
Furniture and fixtures	83,890	73,660
Transportation equipment	195,854	194,839
Computer equipment	169,557	155,669
Total Equipment	3,109,944	2,800,829
TOTAL PROPERTY PLANT AND EQUIPMENT	3,821,516	3,111,321
ACCUMULATED DEPRECIATION AND AMORTIZATION	1,438,862	1,081,562
	$2,382,654	$2,029,759

Maintenance and repairs are charged against income as incurred. Other renewals and betterment are capitalized.

NOTE 3. ACQUISITIONS

MagneTech Corporation was incorporated on November 12, 1987, under the laws of the State of Delaware and was authorized to issue 10,000 shares of $.01 par voting common stock. On January 25, 1989, MagneTech reorganized its capital structure which had the effect of creating a class of $.0001 par value common stock, of which 20,000,000 shares are authorized, and to account for a 4,800-for-1 stock split which converted MagneTech's 1,000 issued and outstanding shares of $.01 par value common stock into 4,800,000 shares of $.0001 par value common stock. On February 15, 1990, the Board of Directors of MagneTech authorized a four-for-one stock split and a change of par value of its common shares from $.0001 to $.000025 thereby increasing the authorized shares to 80,000,000.

NOTE 3. ACQUISITIONS (Cont.)

On May 12, 1989, MagneTech conducted an initial public offering of 32.4% or 2,300,000 of its authorized but unissued shares. The securities offered were Units, consisting of one share of common stock, par value $.0001 and one Redeemable Warrant. The Warrants are exercisable by the holder thereof to purchase one Common Share per Warrant at an exercise price of $1.20 per share. The amount of the net proceeds received from the offering, after the payment of expenses, was $1,896,188. MagneTech utilized these proceeds to expand its operations and increase marketing efforts. The portion of MagneTech held by the public and earnings allocated thereto are presented as "minority interest" in the accompanying consolidated financial statements.

MagneTech, a publicly traded company, files a separate Form 10-K reflecting its assets, liabilities, income and expenses. The Company's financial information filed as part of the Form 10-K includes financial information also included in MagneTech's Form 10-K due to principles of consolidated financial statements.

On March 19, 1988, the Company purchased the assets and properties of CeraTech Corporation, a/k/a Drake Studio, Ltd., an Illinois corporation for $800,000. On March 21, 1988, the Company deposited the amount of $500,000 in an escrow account pursuant to the terms of the Asset Purchase Agreement under which the escrowed funds were paid to the Seller one year from the date of the Agreement. On March 22, 1988, CeraTech Corporation was incorporated under the laws of the State of Delaware. The Company capitalized CeraTech Corporation with $1,000 and transferred the purchased assets to it.

The acquisition of CeraTech Corporation was financed with borrowings by the Company from North Carolina National Bank in the amount of $500,000 and a note payable to the seller in the amount of $300,000. See Note 5. During the fiscal year ended June 30, 1989, the monies set aside in the aforementioned escrow account were released and the borrowings in the amount of $500,000 were satisfied.

CeraTech Corporation is a decorator of limited edition collector plates, primarily for national distributors such as the Bradford Exchange and the Hamilton Group.

Three affiliated customers account for approximately 81% of CeraTech Corporation's revenues. Accordingly, the loss of such customers or a reduction in orders from such customers could have a materially adverse effect on CeraTech Corporation's business.

On December 1, 1990, the Company acquired Omni Doors, Inc., ("Omni"). The sole shareholder of Omni, an affiliate of the Company, transferred to the Company, all shares of common stock in exchange for relinquishment of $56,000 of the shareholder's debt to the Company and relinquishment of $56,000 of Omni's debt to the shareholder.

NOTE 4. LOANS RECEIVABLE, OFFICERS

During the quarter ended March 31, 1992, loans aggregating in the amount of $33,849, due to MagneTech from two of its officers, were reduced to $19,017 by the offset of bonuses paid to such officers. The loans are evidenced by promissory notes bearing interest at 10% per annum and are due on demand.

NOTE 5. NOTE RECEIVABLE TRADE

A note receivable in the amount of $55,000 is due to MagneTech Corporation. The note calls for fifteen weekly installments of $5,000 plus interest at 10% per annum, calculated monthly. The first installment was paid on July 1, 1991. The note is currently in default. There is a personal guarantee of the promissory note and negotiations to secure payment of this receivable are ongoing.

NOTE 6. EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)

The Company's Employee Stock Ownership Plan (ESOP) provides retirement benefits to substantially all employees. The ESOP is a qualified employee benefits plan exempt from taxation under the Internal Revenue Code of 1986, as amended. There are 800,000 common shares in the ESOP. Contributions by the Company for the nine months ended March 31, 1992 to the ESOP were $96,429.

On January 7, 1991, the Employee Stock Ownership Trust (ESOT) purchased the 800,000 common shares from Donald E. Courtney for $900,000. The value of these common shares of the Company at fair market value as determined by the average bid and ask by National Quotation System, Inc. amounted to $952,000, as of March 31, 1992. The common shares are entitled to vote on all matters presented to holders of common shares, voting together as a class. The ESOP provides for pass through of voting rights to the ESOP participants and beneficiaries.

The ESOT purchased the common shares using the proceeds of a bank loan to the Company. The loan is collateralized by all of the tangible and intangible assets of the Company and its Subsidiaries and is guaranteed by the Company and its Subsidiaries, the ESOP and Mr. Courtney. The ESOT will service this obligation with contributions from the Company as required. Payments on the note of the ESOT are to be made in monthly installments of $10,714 plus interest over the next seven years. Interest is charged at NCNB prime lending rate plus 1/4%. The loan agreement also provides that the Company may be obligated to pay the ESOT loan upon the occurrence of certain events of default.

In addition the loan agreement placed certain covenants on the Company which require that several predetermined banking ratios be maintained. At March 31, 1992, the Company was in compliance with all of the covenants.

Principal balance on the ESOP loan at March 31, 1992	$749,970
Principal balance due within one year	128,571
Long term portion	$621,399

Payments of Principal required on the foregoing long term debt are as follows:

FISCAL YEAR ENDING
June 30,

1992	1993	1994	1995	1996	Thereafter	Total
$ 32,143	$128,571	$128,571	$128,571	$128,571	$203,543	$749,970

The borrowing by the Company for the ESOP is reflected as a liability on the balance sheet with an equal amount as a receivable due from ESOP broken down by current and long term portions. As the principal portion of the note is repaid over the next seven years, the liability and the ESOT loan obligation will be reduced concurrently. Additionally, as the principal of the note is reduced, the common shares held by the ESOT will be proportionally allocated to the employees' accounts on the basis of compensation.

On January 1, 1992, employees of MagneTech became elegible to participate in the ESOP of SOI Industries, Inc. Each subsidiary of the Company and MagneTech's contribution to the ESOP will be its pro rata share based on compensation paid to their employees.

NOTE 7. COMMITMENTS, CONTINGENCIES AND OTHER MATTERS

a. On January 20, 1991, the Company and its Subsidiaries cross-guaranteed two separate $750,000 lines of credit for MagneTech and Tempo. As of March 31, 1992, the funds available under the lines of credit had not been drawn upon. In addition, Mr. Courtney personally guaranteed the lines of credit. The guarantees are collateralized by all tangible and intangible assets of the Company and Subsidiaries. The Company and Subsidiaries have agreed to cross indemnification for any liabilities incurred as a result of such guarantees.

b. As part of the underwriting agreement for MagneTech's public offering, S.O.I. agreed to escrow 3,200,000 shares of common stock of MagneTech (the "Shares") for a period of three years issued to S.O.I. based on the attainment by MagneTech of certain financial objectives. Such number of escrowed Shares not delivered to S.O.I. would be delivered to MagneTech as a contribution to its capital. Accordingly, 800,651 Shares were delivered from escrow to MagneTech Corporation and canceled on October 29, 1991.

c. During April, 1991, CeraTech Corporation opened an additional decorating facility in Jacksonville, Florida. Approximately, $251,000 in start up costs were incurred through December 31, 1991. The expenditures were primarily for acquisition of machinery and equipment. No further significant expenditures are expected.

d. At March 31, 1992, CeraTech Corporation was in registration for an initial public offering of 1,000,000 shares of its common stock. The consolidated balance sheet as of March 31, 1992, includes $88,635 in other assets which represents costs of registration incurred. As of April 30, 1992, the sale of stock pursuant to the registration statement had not been effected as negotiations with underwriters continue.

S.O.I. INDUSTRIES, INC.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Net revenues for the first nine months increased by $1,668,190, or 24.2%, to $8,559,744, compared to an increase of $1,197,131, or 21.0%, and $6,891,554, for the same period in 1991.

Net income for the first nine months decreased $115,081, or 52.8%, to $103,030, compared to a decrease in net income of $84,751 or 28.0%, and $218,111, for the same period in 1991.

The decline in earnings is primarily attributable to five factors:

1. Contribution to ESOP.
2. CeraTech-Jacksonville start-up costs.
3. Increased depreciation of fixed assets.
4. Increased provisions for bad debts.
5. Change in Minority interest.

Financial Condition of the Company

The Company continues to maintain a strong financial condition, with adequate cash reserves and sales revenues sufficient to meet all current operating expenses.

Liquidity and Capital Resources

The Company relies on cash flow from operations to meet its working capital requirements. Past borrowings have been short-term in nature. There have been no other material unused sources of liquid assets. The Company expects that its current cash together with cash flow from operations and its ability to selectively finance major capital expenditures will be sufficient to meet the Company's cash requirements for inventories, receivables, and capital expenditures based upon known backlog and expected orders. The Company does not know of any unusual events, trends or other effects of inflation on operations of the Company.

At March 31, 1992, the Company's unused sources of funds consisted of $889,270 in cash or cash equivalents and $1,500,000 of available borrowings under its lines of bank credit.

Results of Operations

Net Sales increased by 24.2% to $8,559,744, an increase of $1,668,190 over the corresponding period in 1991. The increase is primarily attributable to increased sales at the MagneTech and CeraTech subsidiaries.

Cost of Goods Sold of $6,027,422, as a percent of sales, increased 2.5% to 70.4% compared to $4,677,453 and 67.9% for the corresponding period last year. The increase is due primarily to flat selling prices and increased costs in the areas of salaries and wages, factory overhead and extensive start-up costs associated with the CeraTech-Jacksonville facility and the relocation of the CeraTech-Chicago facilities into a new consolidated facility.

Selling and General And Administrative expenses of $1,790,932, as a percent of sales decreased .7% to 20.9% compared to $1,490,459 and 21.6% for the corresponding period last year. Selling expenses increased due to higher sales salaries and commissions and General And Administrative expenses were impacted by increased bad debt provisions; higher professional fees and stock maintenance costs; and ESOP contributions.

Other Income And Expense of $170,586, as a percent of sales, increased 1.2% to 2.0% compared to $56,591 and .8% for the same period last year. The increase in interest expense is due solely to the ESOP indebtedness. The change in minority interest is due to the increase in the percentage of stock owned in the MagneTech subsidiary by other interests.

The decline in earnings, adjusted for volume differences, when compared to the same period last year reflects higher production costs in the approximate amount of $160,000; higher general and administrative expenses in the approximate amount of $80,000; and higher other expenses in the approximate amount of $85,000; off set by lower selling expenses and income tax provisions in the approximate amounts of $140,000 and $ $70,000, respectively.

Comparison of Quarter Ended March 31, 1992 to Quarter Ended March 31, 1991.

Net Sales increased by 20.1% to $2,856,527, an increase of $477,983 over the corresponding period in 1991. The increase is primarily attributable to increased sales of $337,117 at the MagneTech subsidiary.

Net income increased $41,298, to $29,834, or 1.0% of sales, compared to $(11,464), or (.5)% of sales, for the same period in 1991.

The increase in earnings, adjusted for volume differences, when compared to the same period last year reflects lower production costs in the approximate amount of $50,000; lower selling expenses in the approximate amount of $50,000; lower general and administrative expenses in the approximate amount of $20,000; off set by higher other expenses and income tax provisions in the approximate amounts of $60,000 and $20,000, respectively.

PART II
OTHER INFORMATION

ITEM 1. Legal Proceedings

Not applicable

ITEM 2. Changes in Securities

Not applicable

ITEM 3. Defaults Upon Senior Securities

Not applicable

ITEM 4. Submission of Matters to a Vote of Security Holders

Not applicable

ITEM 5. Other Information

The Board of Directors for S.O.I. Industries, Inc., as of the annual meeting of shareholders dated October 28, 1991, consists of the following individuals:

Donald E. Courtney	Director/Chairman of Board of Directors/President
Lee Warder	Director/Vice President-Marketing
Michael E. Pawlish	Director/Secretary-Treasurer
George V. Chesteen	Director
Vincent A. Rego	Director

ITEM 6. Exhibits and Reports on Form 8-K

(a) The Company filed a Form 8-K on October 29, 1991 reflecting that Mr. Joseph A. Agosta, Director, Chief Financial Officer and Secretary Treasurer independently declined to stand for re-election to the Board Of Directors of S.O.I. Industries, Inc., as of the date of the annual meeting of shareholders on October 28, 1991, due to his desire to pursue different career opportunities effective approximately January 1, 1992.

(b) On November 19, 1991, the Company filed a Form 8-K reflecting that 800,651 shares of common stock of its subsidiary, MagneTech Corporation, held in escrow were returned to MagneTech and were cancelled effective October 29, 1991. The number of total outstanding shares of common stock was reduced from 30,067,546 to 29,266,895.

(c) On March 31, 1992, MagneTech Corporation purchased a building in Newtown Commerce Center, Davie, Florida for $398,000. MagneTech Corporation intends to use the additional facility for expansion of its tape duplication facilities and to increase administrative offices.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

S.O.I. Industries, Inc.

Date 5/13/92

Sanford M. Whitman
Chief Financial Officer

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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 O

OF THE SECURITIES EXCHANGE ACT OF 1934

L3Q

For the Quarter Ended March 31, 1992, commission file number 0-13364

SURGICAL CARE AFFILIATES, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

62-1149229
(I. R. S. Employer Identification No.)

RECEIVED
MAY
WASH. DC

Registrant's telephone number, including area code (615) 385-3541

102 Woodmont Blvd, Suite 610, Nashville, TN 37205

Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No_____

The condensed financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. All adjustments necessary to a fair statement of the results of this period reported have been included. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on Form 10-K.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report. Common stock, par value $.25 per share, shares outstanding 35,908,710 at March 31, 1992.

PART I -- FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SURGICAL CARE AFFILIATES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	MARCH 31, 1992	DECEMBER 31, 1991
ASSETS		
Current assets:		
Cash, including temporary investments of $61,715,341 in 1992, and $60,387,421 in 1991	$62,340,045	$61,037,668
Accounts receivable, less allowance for doubtful accounts of $4,205,731 in 1992 and $4,204,721 in 1991	17,057,002	16,107,526
Other receivables	3,307,476	2,493,396
Supplies	3,017,642	2,873,866
Prepaid expenses and other assets	947,411	579,258
Total current assets	86,669,576	83,091,714
Property & equipment, including leased properties:		
Land & improvements	17,783,502	17,396,184
Building	32,822,501	31,627,250
Equipment, furniture anu fixtures	51,417,101	46,803,613
Construction in progress	1,072,790	1,333,148
	103,095,894	96,960,195
Less: accumulated depreciation and amortization	(25,160,898)	(23,472,722)
Net property & equipment	77,934,996	73,487,473
Other assets:		
Excess of cost over fair value of net assets acquired	29,375,953	26,886,225
Deferred development costs	3,870,560	3,892,417
Other assets	532,233	532,713
	$198,383,318	$187,890,542

SURGICAL CARE AFFILIATES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	MARCH 31, 1992	DECEMBER 31, 1991
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable - trade	$4,328,037	$4,123,097
Accrued liabilities	9,326,340	9,356,388
Medical Claims Payable	6,659,739	7,567,827
Current portion of long-term obligations	4,772,316	4,777,653
Accrued income taxes	5,309,239	3,779,625
Distributable to minority interests	43,771	2,502,972
Total current liabilities	30,439,442	32,107,562
Long-term obligations:		
Notes payable & other long-term debt	24,796,381	24,341,464
Capital lease obligations	15,359,160	15,674,729
Total long-term obligations	40,155,541	40,016,193
Minority interests	31,546,487	27,265,256
Shareholders' equity:		
Common stock, par value $.25, 100,000,000 shares authorized, 35,908,710 and 35,656,550 shares issued, and 35,908,710 and 35,656,550 outstanding in 1992 and 1991, respectively	8,977,178	8,914,138
Additional paid in capital	44,033,021	41,872,619
Retained earnings	43,231,649	37,714,776
Total shareholders' equity	96,241,848	88,501,531
	$198,383,318	$187,890,542

SURGICAL CARE AFFILIATES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED MARCH 31, 1992	THREE MONTHS ENDED MARCH 31, 1991
Net patient service revenues	$51,145,774	$37,591,336
Operating costs	(34,177,162)	(25,565,712)
Operating income	16,968,612	12,025,624
General, administrative and development expenses	(796,702)	(668,667)
Interest expense	(854,007)	(997,096)
Interest and Other income	1,278,072	1,226,416
Income before minority interests	16,595,975	11,586,277
Minority interests in (earnings) of partnerships	(6,135,699)	(4,863,212)
Income before income tax provision	10,460,276	6,723,065
Income tax provision	(3,974,905)	(2,689,226)
Net income	$6,485,371	$4,033,839
Earnings per common and common equivalent share:	$0.18	$0.11
Weighted average number of common and common equivalent shares outstanding	36,984,612	36,253,464

SURGICAL CARE AFFILIATES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended	
	MARCH 31, 1992	MARCH 31, 1991
Cash Flows From Operating Activities:		
Net Income	$4,485,371	$4,033,839
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,043,023	1,481,540
Provisions for Losses on Accounts Receivable	113,543	139,088
Minority Interests in Earnings of Partnerships	6,135,699	4,863,212
Distributions to Minority Interests	(4,879,309)	(2,415,965)
Changes in Assets and Liabilities Net of Effect of Acquisitions:		
(Increase) Decrease in Accounts Receivable	(768,280)	722,751
Increase in Other Receivables	(814,078)	(152,685)
Increase in Supplies	(78,245)	(45,571)
Increase in Prepaids	(351,266)	(421,501)
Increase in Deferred Development Costs	(82,147)	(137,764)
Increase in Other Assets	(50,050)	(2,266,071)
Increase (Decrease) in Accounts Payable - Trade	97,733	(1,417,676)
(Decrease) Increase in Accrued Liabilities	(45,097)	234,786
Decrease in Medical Claims Payable	(908,028)	(1,178,229)
Decrease in Current Portion of Long-Term Obligations	(5,337)	(2,095)
Increase in Distributable to Minority Interests	(2,459,201)	(1,706,829)
Increase in Income Taxes Payable	1,529,614	2,703,157
Increase in Minority Interests	2,837,693	1,161,358
Net Cash Provided by Operating Activities	8,801,578	5,595,365
Cash Flows From Investing Activities:		
Decrease (Increase) in Temporary Investments	7,893,557	(822,381)
Capital Expenditures	(4,798,200)	(4,182,636)
Acquisitions Less Cash Acquired of $24,258 in 1992 and $0 in 1991	(1,851,947)	0
Net Cash Provided by (Used In) Investing Activities	1,243,410	(5,005,017)
Cash Flows From Financing Activities:		
Net Borrowings Under Line-of-Credit Agreement	1,515,988	918,298
Payments on Long-Term Obligations	(2,057,560)	(909,875)
Proceeds From Long-Term Obligations	0	2,500,000
Proceeds From Issuance of Common Stock	661,014	76,486
Dividends Paid	(968,496)	(455,355)
Net Cash (Used In) Provided By Financing Activities	(849,054)	2,129,554
Net Increase in Cash & Cash Equivalents	9,195,934	2,719,902
Cash & Cash Equivalents at Beginning of Period	16,285,360	15,017,578
Cash & Cash Equivalents at End of Period	$25,481,294	$17,737,480

For purposes of the statements of cash flows, the Company considers all certificates of deposits and highly liquid marketable securities with a maturity of three months or less to be cash equivilents.

Cash & Cash Equivalents at End of Period	$25,481,294	$17,737,480
Temporary Investments	36,858,751	33,632,500
Cash and Temporary Investments	$62,340,045	$51,369,980

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS:

Surgical Care Affiliates was organized in October of 1982, to develop, own and operate outpatient surgical care facilities. At the end of the first quarter of 1992, the Company had forty surgery centers in operation. The Company also operates a health maintenance organization.

Results of Operations

Revenues for the quarter ending March 31, 1992, were $51,145,774 compared to revenues of $37,591,336 for the comparable quarter of 1991. This was an increase of 36% for the quarter. The first quarter of 1992 net income of $6,485,371 or $.18 per share compared to first quarter of 1991 net income of $4,033,839 or $.11 per share represents an earnings per share increase of 64%.

The company intends to aggressively pursue its development and expansion plans. SCA plans to add 10 to 12 new centers during 1992.

In addition to record earnings and revenues, other achievements during the quarter included:

- A 35% increase in total case volume for all the SCA Centers;
- Same store volume increase of 12% for centers in operation over one year;
- An increase in cash and cash equivalents to $62.3 million at March 31, 1992;
- Payment of a $.027 per share cash dividend on March 10, 1992;
- Opened a new center in Nashville, Tennessee and finalized the acquisition of a center in Gadsden, Alabama;
- Commenced construction on new centers in Pueblo and Aurora, Colorado, and Knoxville, Tennessee.

During the quarter, Ken Melkus assumed the position of Vice Chairman and will focus on acquisitions, management of SCA's interest in the HMO, and long range strategic planning. William Hamburg was promoted to the position of President and Chief Operating Officer. Mr. Hamburg has been responsible for the operations of our surgery centers for the past seven years and will now be responsible for all operating aspects of the company. Tarpley Jones was elected Senior Vice President and Chief Financial Officer. These changes will enable the senior management team to more effectively take advantage of SCA's future growth opportunities.

In January, SCA opened its first center with overnight recovery rooms. This should allow the center to perform more intensive surgical cases which carry a higher revenue per case. The company plans to add overnight recovery rooms to existing centers and include them in newly constructed centers where allowed by local healthcare regulations.

Liquidity and Capital Resources

The company's cash and cash equivalents increased to $62,340,045 at March 31, 1992, up from $61,037,668 at December 31, 1991. The increase in cash is due to earnings during the quarter.

The debt to equity ratio declined from .45 to 1 at December 31, 1991, to .42 to 1 at March 31, 1992. The improvement is due to SCA's earnings which continue to increase shareholders' equity ahead of dividend requirements. The company's long-term debt obligations did not increase during the quarter.

Capital expenditures, including assets added from acquisitions, were approximately $6,100,000 for the quarter. Funds for these expenditures were provided primarily from operations. The company draws on its lines of credit to construct new facilities.

SCA expects to finance its plans of opening up to 12 new centers in 1992 with its existing cash balances, new funds generated from operations, and bank loans.

SURGICAL CARE AFFILIATES, INC. AND SUBSIDIARIES

FOR THE THREE MONTHS ENDED MARCH 31, 1992

Part II. Other Information

Item 1. Legal Proceedings. - None.

Item 2. Changes in Securities. - None.

Item 3. Defaults Upon Senior Securities. - None.

Item 4. Submission of Matters to a Vote of Security Holders. - None.

Item 5. Other Information. - None.

Item 6. Exhibits and Reports on Form 8-K. - None.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SURGICAL CARE AFFILIATES, INC.
(Registrant)

Tarpley B. Jones
Senior Vice President and Chief
Financial Officer
(Principal Financial and
Duly Authorized Officer)
On behalf of Registrant

Date: May 1, 1992

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QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange act of 1934
For the period ended March 31, 1992

OR

[ ] Transition Report Pursuant to Section 13 or 15(D) of the Securities Exchange Act of 1934
For the transition period from ________ to _______

Commission file number 0-10067

I.R.S. Employer Identification Number 95-2999428

TANDON CORPORATION

(a Delaware Corporation)
301 Science Drive
Moorpark, California 93021
Telephone: (805) 523-0340

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __

Indicate the number of shares outstanding of each of the issuers classes of common stock, as of the latest practicable date: 64,453,061 shares of the Company's Common Stock ($0.01 par value) were outstanding as of May 6, 1992.

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Part 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

TANDON CORPORATION

CONSOLIDATED BALANCE SHEETS (unaudited)
(dollars in thousands)

	March 31, 1992	December 31, 1991
ASSETS		
Current assets		
Cash and cash equivalents	$ 12,911	$ 27,604
Accounts receivable, net	52,833	60,270
Inventories	104,398	106,429
Prepaid expenses	4,671	3,597
Total current assets	174,813	197,900
Property and equipment, net	15,819	16,102
Other assets	26,212	26,947
	$ 216,844	$ 240,949
LIABILITIES AND SHAREHOLDERS' INVESTMENT		
Current liabilities		
Current portion of notes payable	$ 6,466	$ 7,792
Short term borrowings	25,275	31,473
Trade accounts payable	90,361	96,080
Accrued expenses	17,969	23,307
Deferred revenue	559	592
Income taxes	47	-
Total current liabilities	140,677	159,244
Notes payable, net of current portion	15,992	16,919
Income taxes	12,550	12,692
Other long term liabilities	3,452	3,452
Commitments and Contingencies		
Shareholders' investment		
Preferred stock, 1,000,000 shares authorized, none outstanding		
Common stock, par value $0.01 per share, authorized - 100,000,000 shares outstanding - 64,299,403 shares at March 31, 1992 and 64,075,594 at December 31, 1991	643	640
Additional paid-in capital	199,711	199,536
Accumulated deficit	(144,081)	(145,121)
Foreign currency translation adjustment	(12,100)	(6,413)
	44,173	48,642
	$ 216,844	$ 240,949

The accompanying notes are an integral part of these statements.

TANDON CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)
(dollars in thousands, except per share data)

	3 Months Ended March 31	
	1992	1991
Net sales and other income	$ 107,993	$ 120,283
Cost of sales	77,012	83,908
Gross profit	30,981	36,375
Research and development expenses	2,686	2,758
Selling, general and administrative expenses	24,855	27,145
Interest expense	1,735	1,804
Other (income) and expenses - net	634	(1,535)
Total expenses	29,910	30,172
Income before income taxes	1,071	6,203
Provision for income taxes	31	197
Net income	$ 1,040	$ 6,006
Earnings per share:		
Primary	$ 0.02	$ 0.09
Assuming full dilution	0.02	0.09
Number of shares used in the per share computations (in thousands)		
Primary	66,492	67,166
Assuming full dilution	66,492	67,601

The accompanying notes are an integral part of these statements.

TANDON CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(dollars in thousands)

	3 Months Ended March 31, 1992		3 Months Ended March 31, 1991	
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:				
NET INCOME		$1,040		$6,006
Adjustments to reconcile net income to cash provided (used) by operations:				
Depreciation and amortization	$2,210		$1,464	
Provision for doubtful accounts	901		1,000	
Inventory provisions	0		1,974	
Warranty provision	2,070		1,941	
Loss on sale of assets	157		80	
Increase (decrease) in income taxes	(142)		196	
Effect of exchange rate changes on operating assets	(4,961)		(12,658)	
CHANGES IN OPERATING ASSETS AND LIABILITIES:				
(Increase) decrease in accounts receivable	6,448		(9,670)	
Decrease in inventories	2,031		8,311	
Increase in prepaid expenses	(1,074)		(1,431)	
Decrease in accounts payable	(5,719)		(4,621)	
Decrease in accrued expenses	(7,408)		(3,389)	
Decrease in deferred revenue	(33)		0	
(Increase) Decrease in other assets	16		(72)	
Increase (decrease) in income taxes	47		(274)	
Total adjustments		(5,389)		(17,249)
NET CASH USED BY OPERATIONS		($4,349)		($11,243)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:				
Capital expenditures	($2,192)		($1,351)	
Effect of exchange rate changes on non-operating assets	827		793	
NET CASH USED IN INVESTING ACTIVITIES		(1,365)		(558)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:				
Decrease in short term borrowings and notes payable	($7,475)		($2,087)	
Payment of long term debt	(927)		(630)	
Principal payments under capital lease obligations	(49)		(37)	
Proceeds from issuance of common stock	178		335	
NET CASH USED IN FINANCING ACTIVITIES		(8,273)		(2,419)
Effect of exchange rate changes on cash		(706)		(1,900)
NET DECREASE IN CASH		($14,693)		($16,120)
Cash at beginning of period		27,604		57,626
Cash at end of period		$12,911		$41,506

The accompanying notes are an integral part of these statements.

TANDON CORPORATION
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS

There were no significant non-cash transactions during the quarters ending March 31, 1992 or March 31, 1991.

TANDON CORPORATION
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS

There were no significant non-cash transactions during the quarters ending March 31, 1992 or March 31, 1991.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1992

The consolidated financial statements include the accounts of Tandon Corporation (the Company) and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The consolidated financial statements included herein have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). The consolidated financial statements should be read in conjunction with the Company's December 31, 1991 consolidated financial statements and notes thereto, included in its Annual Report on Form 10-K (SEC File Number 0-10067). Certain information and footnote disclosures which are normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to SEC rules and regulations. The Company believes that the disclosures are adequate to make the information presented not misleading. The information reflects all adjustments which, in the opinion of Management, are necessary for a fair presentation of the financial position and results of operations for the interim periods set forth herein. All such adjustments are of a normal and recurring nature. The results for the three month period ended March 31, 1992 are not necessarily indicative of the results for the entire year ending December 31, 1992.

In August 1991 the Company issued 62,070 shares of its common stock in exchange for all of the outstanding common stock of Positive Corporation (the acquired company), a company that sells personal computers through membership buyers' clubs. The acquisition has been accounted for under the pooling of interests method and accordingly, the Company's financial statements have been restated to include the accounts and operations of the acquired company. Certain reclassifications have been made to the acquired company's historical accounts to conform to the Company's presentation.

Net sales and other income and net income of the Company and Positive Corporation for the three months ended March 31, 1991 (prior to the acquisition) were as follows:

(dollars in thousands except per share data)	Three Months Ended March 31, 1991
Net sales and other income:	
Previously reported	$ 112,724
Acquired company	7,559
	$ 120,283
Net income:	
Previously reported	$ 7,836
Acquired company	(1,830)
	$ 6,006
Earnings per share:	
Primary	
- Previously reported	$ 0.12
- After pooling of interest	0.09
Assuming full dilution	
- Previously reported	$ 0.12
- After pooling of interest	0.09

Costs related to the acquisition, which were immaterial, were charged to expense in the quarter ended September 30, 1991.

The functional currency of the Company's foreign subsidiaries is the respective local foreign currency. Accordingly, the assets and liabilities of the Company's foreign subsidiaries as of March 31, 1992 and December 31, 1991, have been translated into United States dollars at the exchange rates prevailing on those respective dates. Results of operations were translated using the average exchange rates prevailing throughout the period. The effects of translating the financial statements of the foreign subsidiaries have been included in the Company's balance sheets in a separate component of Shareholders' Investment at March 31, 1992 and December 31, 1991, entitled "Foreign currency translation adjustment".

The total income tax provision differs from the amount computed by applying the statutory federal income tax rate to income before tax as follows (dollars in thousands):

	Three Months Ended March 31, 1992	
	Amount	Percent
Income before income taxes	$1,071	100.0
Federal income tax at statutory rate	$ 364	34.0
United States net operating loss carryforward	(364)	(34.0)
Tax effect of alternative minimum tax rate vs. regular rate	157	14.7
Foreign and state income taxes	24	2.2
Favorable resolution of various tax issues previously reserved against	(150)	(14.0)
	$ 31	2.9

The Company adopted the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 96, "Accounting for Income Taxes" on January 1, 1988. The statement has no effect on the financial statements.

See Note (1) of the Company's December 31, 1991 Notes to Consolidated Financial Statements for an explanation of the Company's significant accounting policies.

Accounts Receivable are stated net of an allowance for doubtful accounts of $12,186,000 at March 31, 1992 and $12,401,000 at December 31, 1991.

Inventories are priced at the lower of cost (first in, first out) or market. Inventories for the respective periods are as follows (dollars in thousands):

	March 31, 1992	December 31, 1991
Raw Materials	$ 26,036	$ 33,343
Work in Process	3,215	3,127
Finished Goods	75,147	69,959
	$104,398	$106,429

The inventory balances are stated net of reserves of $31,076,000 at March 31, 1992 and $34,873,000 at December 31, 1991.

Earnings per share:

Primary earnings per share have been computed by dividing net income by the weighted average number of common shares and common share equivalents outstanding during each period. Common share equivalents include the number of common shares issuable upon the exercise of stock options reduced by the number of shares which could have been purchased with the proceeds from the exercise of such options. These purchases were assumed to have been made at the average market price of common shares during the periods. During periods of net losses, there is no dilutive effect for common share equivalents.

Fully diluted earnings per share have been computed on the assumption that all outstanding stock options having a dilutive effect on earnings per share were exercised. Outstanding shares were increased as described above for primary earnings per share except that purchases of common shares were assumed to have been made at the higher of either the market price of the common shares at the end of the period or the average market price during the period. During periods of net losses, there is no dilutive effect for common share equivalents.

The computation of primary and fully diluted earnings per share is detailed as follows:

	3 Months Ended March 31, 1992	 March 31, 1991
Net income used to compute primary and fully diluted earnings per share	$ 1,040,000	$ 6,006,000
Weighted average number of shares outstanding	64,218,868	62,677,102
Dilutive effect of stock options	2,273,323	4,488,559
Number of shares used to compute primary earnings per share	66,492,191	67,165,661
Additional dilutive effect of stock options	---	435,031
Number of shares used to compute fully diluted earnings per share	66,492,191	67,600,692

Stock Options - 1988 Stock Option Plan and the Positive Corporation 1991 Stock Option Plan:

At March 31, 1992 and March 31, 1991, options to purchase 9,863,496 and 8,923,652 shares of common stock, respectively, were outstanding under both plans. The options outstanding at March 31, 1992, had exercise prices ranging from $0.56 to $4.19 per share. During the three month period ended March 31, 1992, options to purchase 100,000 shares were granted and options for 223,838 shares were exercised. See Note 5 of the Company's December 31, 1991 Notes to Consolidated Financial Statements for an additional explanation of the Company's stock option plans.

For further information, see Item 11 in the Company's Form 10-K for the year ended December 31, 1991.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Changes in Financial Condition

Historical financial data included in this section has been restated, where applicable, to include the accounts and operations of the company acquired in August, 1991. The acquisition was accounted for under the pooling of interests method. For further information, refer to the Notes to Consolidated Financial Statements in this Form 10Q.

In the following comparisons of the assets and liabilities of the Company as of March 31, 1992 and December 31, 1991, the effect of currency movements is pronounced on assets and liabilities which are not U.S. dollar based. The dollar strengthened against major European currencies when comparing the rates of exchange at March 31, 1992 to the rates at December 31, 1991. The result of this strengthening was to translate foreign currency based assets and liabilities into fewer dollars. The effects of translating the financial statements of the foreign subsidiaries have been included in the Company's balance sheets in a separate component of Shareholders' Investment entitled "Foreign currency translation adjustment."

Cash management continued to provide a significant challenge during the quarter ended March 31, 1992 as cash balances declined by $14,693,000. Cash was utilized by operating activities ($4,349,000), by investing activities ($1,365,000) and by financing activities ($8,273,000).

Utilization of cash in operations was primarily the result of decreases in accounts payable ($5,719,000) and accrued expenses ($7,408,000). These cash usages were partially offset by decreased accounts receivable ($6,446,000) and decreased inventory ($2,031,000).

Accounts payable decreased as a result of vendor payments exceeding the incurrence of additional liabilities. A significant portion of the remaining trade accounts payable has matured beyond customary industry terms. The Company continues to negotiate repayment schedules for accounts payable which have reached extended time periods. In certain instances, these negotiations have yet to yield the desired results and therefore the Company has experienced shortages in parts and components which have caused production delays and inefficiencies. Negotiations which have been completed are under terms satisfactory to the Company.

Accrued expenses decreased primarily as a result of utilization of (1) the restructuring reserve for related expenses and (2) the warranty reserve for normal third party and internal repair costs.

The decrease in accounts receivable was primarily due to lower sales volume during the current period and the effect of the strengthened U.S. dollar on European currency denominated receivables. Inventories decreased due to lower inventory purchases and as a result of the effect of the strengthened U.S. dollar.

Cash used in investing activities was required to support sales, manufacturing and distribution activities on a worldwide basis.

Financing activities utilized $8,273,000 as a result of a reduction in accounts receivable based borrowings due to reduced sales levels, reduced borrowings against inventory, payments on notes payable incurred in the acquisition of both a cross license agreement and a company, and payments on a vendor note payable.

Certain borrowing agreements contain, among other covenants, a covenant relating to a minimum net worth-to-assets ratio. At March 31, 1992, the Company was in non-compliance with that covenant under a $3,391,000 loan from one bank which the Company has further reduced to $2,277,000 at April 25, 1992. The Company has not received any formal notices of non-compliance on any covenants from any borrowing sources.

The Company is currently operating on (1) cash generated from operations, (2) the utilization of existing cash balances, and (3) borrowings from finance companies and European banks. A standby letter of credit of $500,000 to a vendor is provided by a European bank. In the U.S., subsequent to March 31, 1992, the Company reactivated a flooring arrangement to address its business requirements in that marketplace.

Cash resources will continue to be required to support sales and to expand the Company's presence in the worldwide market. These resources could be obtained by a combination of increasing its current borrowings available under existing credit lines and establishing new lines of credit. The inability to acquire these additional resources or to maintain existing lines of credit would cause the Company to operate at levels significantly below those currently anticipated. In addition, the continued cooperation of major vendors with respect to matured accounts payable and arrangements for continuing procurement of materials and components also remain important. In light of these issues, liquidity and cash management continue to be areas of significant on going concern for the Company.

Changes in Results of Operations
For the Three Months Ended March 31, 1992

Net sales and other income (net sales) for the three months ended March 31, 1992 were $107,993,000, representing a decrease of 10% from $120,283,000 for the quarter ended March 31, 1991. The

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Company's European revenues in the current quarter were $83,929,000 (78% of net sales) compared to the $101,402,000 (84% of net sales) in the prior year's quarter. The significant decline in European revenues was primarily attributed to (1) the continuing economic slowdown in Western Europe, (2) increased competition in the European market, (3) the strengthening of the U.S. dollar against European currencies when comparing the exchange rates for the quarter ending March 31, 1992 against the rates in effect for the same quarter in 1991; and (4) the worldwide shortage of key allocated component parts, such as certain hard disk drives, during the quarter ending March 31, 1992. For the reasons explained above in Changes in Financial Condition, the Company also experienced availability problems on certain other components and complete systems purchased from various vendors.

Net sales increased in the North American market primarily as a result of increased sales in the mass merchandising channel and as a result of the inclusion of a direct marketing company which was acquired in the second quarter of 1991. Partially offsetting those increases was a decrease in Tandon's traditional North American distribution channels.

During the current quarter no single customer accounted for more than 10% of sales.

The gross margin percentage for the quarter ended March 31, 1992 was 29% compared to 30% for the same period in 1991. Adversely affecting margins were: (1) increased selling price competition in the worldwide marketplace; (2) the strengthening of the U.S. dollar in relation to European currencies during the current quarter in comparison to the same quarter in the prior year, which translated into lower sales dollars against primarily constant dollar based cost of sales; and (3) a growth in sales to low margin mass merchandising customers. Offsetting the unfavorable items above in the quarter ended March 31, 1992 were lower material costs of the products sold and lower manufacturing costs due to the restructuring effort initiated in the second half of 1991. Further, the gross margin for the quarter ended March 31, 1991 was decreased by $1,874,000 in inventory provisions for excess and obsolete inventory, as well as revaluation of certain items to market value. Such provisions were not required in the first quarter of 1992.

Research and development expenses were essentially unchanged at $2,686,000 or 2.5% of net sales and other income for the three months ended March 31, 1992 as compared to $2,758,000 or 2.3% for the same period in 1991.

Selling, general and administrative (SG&A) expenses for the current quarter were $24,855,000 or 23% of net sales as compared to $27,145,000 or 23% for the same period in 1991. The dollar decrease was attributable to the Company's efforts to reduce expenses through restructuring. Such restructuring expenses applicable to SG&A were approximately $2,800,000. These restructuring expenses were charged against the restructure reserve established in the second half of 1991.

Included in other income and expenses was $1,093,000 of realized losses on foreign exchange for the quarter ended March 31, 1992, compared to realized gains of $111,000 for the quarter ended March 31, 1991.

Primarily as a result of the above mentioned factors, the Company had a pre-tax profit of $1,071,000 for the quarter ended March 31, 1992, compared to the pre-tax profit of $6,203,000 in the first quarter of 1991. After provisions for income taxes of $31,000 and $197,000 for the quarters ended March 31, 1992 and 1991, respectively, the Company had net income of $1,040,000 and $6,006,000 for the respective periods.

Impact of Fluctuations in Currency Rates:

When the value of the United States dollar weakens against other currencies, revenues from sales made in those currencies translate into more dollars. Conversely if the dollar strengthens against certain currencies, the dollar revenues from sales in those currencies translate into fewer dollars.

Similarly, operating expenses in foreign currencies are impacted by these fluctuations in exchange rates.

The dollar strengthened when comparing the value of the dollar to European currencies over the three months ended March 31, 1992 to the corresponding period in 1991. This caused an unfavorable impact on European based sales offset by a favorable impact on European based operating expenses.

Tandon's operations remain vulnerable under a strengthening dollar scenario as the vast majority of its sales are in non-dollar based currencies. The expected offsetting effect to cost of sales is limited, as inventory and related costs are predominantly dollar based.

Impact of Weakening World Economies:

The Company's future results are subject to the worldwide political and economic uncertainties of the times. The effects of such uncertainties on the Company's performance are currently impossible to predict.

PART II - OTHER INFORMATION

Item 6. **Exhibits and Reports on Form 8-K**

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TANDON CORPORATION

Date: May 14, 1992 By: Denis J. Trafecanty
Denis J. Trafecanty
Vice President - Finance
(Principal Financial Officer)

Date: May 14, 1992 By:
Ranjit Sitlani
Executive Vice President

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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the quarterly period ending
March 29, 1992

Commission File
Number 0-3063

TINSLEY LABORATORIES, INC.
(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of
incorporation or organization)

94-1049146
(I.R.S. Employer
Identification No.)

3900 Lakeside Drive, Richmond, California 94806
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (415) 222-8110

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No __.

839,017 shares of Common Stock outstanding as of February 14, 1992.

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Part 1. Financial Information
Item 1.

TINSLEY LABORATORIES, INC.
Condensed Consolidated Balance Sheet

	Mar. 29, 1992 Unaudited	Dec. 22, 1991
ASSETS		
Current Assets:		
Cash and Short-Term Investments	$1,351,519	$1,503,484
Accounts Receivable	1,927,733	1,995,519
Inventories	1,573,545	1,525,583
Prepaids & Other	162,997	141,843
Total Current Assets	5,015,794	5,166,429
Net Property, Plant & Equipment	5,314,096	5,304,049
Other Assets	334,588	335,229
	$10,664,478	$10,805,707
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Trade Account Payables	$466,442	$532,953
Current & Deferred Income Taxes	275,980	370,980
Other Accrued Liabilities	1,799,797	1,886,964
Total Current Liabilities	$2,562,219	$2,790,897
Long-Term Debt	135,824	135,824
Deferred Income Taxes	391,595	391,595
Deferred Compensation	226,600	215,800
Stockholders' Equity		
Common Stock at Stated Value	139,835	139,835
Capital in Excess of Stated Value	1,421,800	1,421,800
Retained Earnings	5,786,605	5,709,956
Net Stockholders' Equity	7,348,240	7,271,591
	$10,664,478	$10,805,707

TINSLEY LABORATORIES, INC.
Summary Statement of Income
(Unaudited)

	For the Three Months Ended	
	Mar. 29, 1992	Mar. 24, 1991
Net Sales	$2,351,698	$1,623,333
Cost of Sales & Expenses	2,214,703	1,554,214
Income from Operations	136,995	69,119
Other Income (Expense)	(8,845)	(935)
Income before Taxes	128,151	68,184
Provision for Taxes on Income	51,500	27,500
Net Income	$76,651	$40,684
Per Share of Common Stock:		
Net Income	$0.09	$0.05

NOTES:
Per share data are based on 842,767 weighted average shares outstanding for 1992 and 884,211 shares outstanding for 1991 after retroactive adjustment for 3 for 2 stock split.

TINSLEY LABORATORIES, INC.
Condensed Statement of Cash Flows
(Unaudited)

	For the Three Months Ended	
	Mar. 29, 1992	Mar. 24, 1991
Cash flows from operating activities:		
Net income (loss)	$76,649	$497,146
Adjustments to reconcile net income to net cash provided (used) by operating activities:	20,894	(59,435)
Net cash provided by operating activities	97,543	437,711
Cash flows from investing activities:		
Net cash used in investing activities	(249,508)	(934,969)
Cash flows from financing activities:		
Net cash provided by <used in> financing activities	0	(134,880)
Net increase in cash and cash equivalents	(151,965)	(632,138)
Cash and cash equivalents at beginning of period	1,503,484	2,135,622
Cash and cash equivalents at end of period	$1,351,519	$1,503,484

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 29, 1992

Note: 1. Management Representation

The information furnished above reflects all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim period ending March 29, 1992.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF QUARTERLY FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Item 2.

First quarter sales of $2,351,698 rose 45 percent from sales of $1,623,333 for the March quarter a year ago. Net income of $78,651 or nine cents a share increased over first quarter earnings last year of $40,684 or five cents a share.

Backlog at the end of March approximated $10,500,000, down somewhat from our December backlog of $11,000,000, but well ahead of backlog of $9,200,000 at the close of last year's March quarter.

At the Annual Shareholders Meeting in the Richmond plant April 23, President Robert J. Aronno reviewed company strategy since the mid-1980's "when we first defined Tinsley as the 'Asphere Company.'"

Under that definition, he said, "we determined to concentrate on the further development of our proprietary technology in order to serve diverse markets for our aspheric products. We were process driven, not only to improve precision and quality, but also to lower our costs of production substantially."

But although Tinsley had made progress in cost reduction, he said, and had produced aspheric components for an increasing number of end uses, the Company's market niches had remained relatively small. Under the strategy Tinsley had remained consistently profitable but per share earnings had declined since our record earnings year of 1989.

Tinsley, he said, is looking hard at a "mid-course correction" designed to improve Company performance.

Summarizing this new phase of Tinsley's development, Mr. Aronno said:

We will continue to serve our present customers in the defense and space markets with the same zeal we always have.

We will seek to develop new products and processes, both internally and externally, that will take us increasingly into commercial and industrial markets.

Where we can, we will leverage our present technology to develop either our own products, or products that others will sell.

We will also leverage technological improvements by others, integrating them with our own products.

At the Annual Meeting five Directors were elected to serve the Company for the ensuing year: Robert J. Aronno, Stephen L. Davenport, Daniel J. Duckhorn, Stephen E. Globus and Harvey L. Morton.

Page II Other Information

Item 3. Submission of Matters to a Vote of Security Holders

Reference is made to materials appearing with respect to election of the Board of Directors and approval of an increase in the authorized number of shares of Common Stock and Preferred Stock, set forth in the Company's definitive Proxy statement filed in connection with the Company's 1992 Annual Meeting of Shareholders, held on April 23, 1992 which material is incorporated herein.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TINSLEY LABORATORIES, INC.

Robert J Aronno

Robert J. Aronno
President and
Chief Executive Officer

May 6, 1992

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ - ________

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Commission File No. 0-6512

TRANSTECH INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

22-1777533
(I.R.S. Employer Identification No.)

38

200 Centennial Avenue
Piscataway, New Jersey
(Address of principal executive offices)

08855-1321
(Zip Code)

Registrant's telephone number, including area code (908) 981-0777

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No____

Number of shares of common stock, $.50 par value, outstanding as of March 31, 1992 is 2,829,090. In addition, at such date, the registrant held 1,885,750 shares of common stock, $.50 par value, in treasury.

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TRANSTECH INDUSTRIES, INC.
AND SUBSIDIARIES

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TRANSTECH INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
(In $000's)

ASSETS

	March 31, 1992 (Unaudited)	December 31, 1991
CURRENT ASSETS		
Cash and cash equivalents	$ 3,896	$ 2,100
Marketable securities	1,386	1,422
Accounts and notes receivable (net of allowance for doubtful accounts of $103 and $98)	3,668	4,070
Inventories	4,779	5,222
Income tax refund receivable	1,869	3,505
Deferred income taxes	903	975
Prepaid expenses and other	653	751
Total current assets	17,154	18,045
PROPERTY, PLANT AND EQUIPMENT		
Land	1,100	1,100
Buildings and improvements	2,136	2,079
Machinery and equipment	10,143	10,114
	13,379	13,293
Less: accumulated depreciation	4,044	3,848
Net property, plant and equipment	9,335	9,445
OTHER ASSETS		
Investment in leveraged lease	8,104	8,104
Notes receivable	1,233	1,380
Real estate held for investment and sale	2,454	2,500
Cost in excess of net assets acquired (net of accumulated amortization of $86 and $45)	7,021	7,065
Debt issue costs (net of accumulated amortization of $72 and $30)	1,146	1,189
Covenants-not-to compete (net of accumulated amortization of $20 and $10)	180	190
Other	56	64
Total other assets	20,194	20,492
TOTAL ASSETS	$46,683	$47,982

TRANSTECH INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
(In $000's)

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 1992 (Unaudited)	December 31, 1991
CURRENT LIABILITIES		
Current portion of long-term debt	$ 671	$ 779
Accounts payable and accrued expenses	3,800	4,150
Accrued income taxes	719	782
Total current liabilities	5,190	5,711
LONG-TERM DEBT	15,149	16,062
ACCRUED REMEDIATION AND CLOSURE COSTS	13,459	13,525
DEFERRED INCOME TAXES	4,344	4,284
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARY	644	634
STOCKHOLDERS' EQUITY		
Common stock, $.50 par value, 10,000,000 shares authorized: 4,714,840 shares issued	2,357	2,357
Additional paid-in capital	1,516	1,516
Retained earnings	15,038	14,907
Subtotal	18,911	18,780
Treasury stock, at cost - 1,885,750 shares	(11,014)	(11,014)
Total stockholders' equity	7,897	7,766
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$46,683	$47,982

TRANSTECH INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In $000's, except per share data)
(Unaudited)

	For the Three Months Ended March 31,	
	1992	1991
REVENUES	$ 5,876	$ 396
COST OF OPERATIONS		
Direct operating costs	4,174	314
Selling, general and administrative expenses	1,652	1,176
Total	5,826	1,490
INCOME (LOSS) FROM OPERATIONS	50	(1,094)
OTHER INCOME (EXPENSE)		
Investment income	623	1,097
Interest expense	(538)	(45)
Gain on sale of securities	24	381
Income from investment in leveraged lease	-	245
Other income (expense)	53	29
Total other income (expense)	162	1,707
INCOME (LOSS) BEFORE INCOME TAXES (CREDIT) AND MINORITY INTEREST	212	613
INCOME TAXES (CREDIT)	72	249
INCOME (LOSS) BEFORE MINORITY INTEREST	140	364
MINORITY INTEREST IN EARNINGS OF CONSOLIDATED SUBSIDIARY	9	-
NET INCOME (LOSS)	$ 131	$ 364
INCOME (LOSS) PER COMMON AND COMMON EQUIVALENT SHARE	$ .05	$ .13
NUMBER OF SHARES USED IN CALCULATION	2,835,455	2,829,090

TRANSTECH INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In $000's)
(Unaudited)

	For The Three Months Ended March 31,	
	1992	1991
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 6,279	$ 218
Cash paid to suppliers and employees	(5,318)	(1,525)
Interest and dividends received	153	162
Interest paid	(544)	(45)
Income tax (paid) credits	(2)	(2)
Income tax refund received	1,636	-
Other income received	38	31
Net cash provided by (used in) operating activities	2,242	(1,161)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of marketable securities	530	2,268
Purchase of marketable securities	-	(328)
Purchase of property, plant and equipment	(154)	(4)
Proceeds from sale of property, plant and equipment	17	3
Collections of notes receivable	140	21
Increase (decrease) in other assets	57	(9)
Net cash provided by (used in) investing activities	590	1,946
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(1,365)	(78)
Proceeds from issuance of long-term debt	329	-
Payment of remediation and closure costs *	-	(98)
Net cash provided by (used in) financing activities	(1,036)	(176)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,796	609
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER	2,100	7,493
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	$ 3,896	$ 8,102

TRANSTECH INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In $000's)
(Unaudited)

	For the Three Months Ended March 31, 1992	For the Three Months Ended March 31, 1991
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
NET INCOME (LOSS)	$ 131	$ 364
ADJUSTMENTS TO RECONCILE NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Depreciation and amortization	421	106
(Gain) loss on sale of marketable securities	(24)	(381)
Unrealized (gain) loss on marketable securities	(470)	(935)
(Gain) loss on sale of property, plant and equipment	(15)	-
Increase in deferred income taxes	132	83
Leveraged lease revenues	-	(245)
Increase (decrease) in minority interest in consolidated subsidiary	9	-
(Increase) decrease in assets:		
Accounts and notes receivable, trade-net	408	231
Inventories	443	-
Income tax refund receivable	1,636	-
Prepaid taxes	-	(2)
Prepaid expenses and other	(16)	312
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(350)	(450)
Accrued remediation and closure costs	-	(78)
Accrued taxes	(63)	(166)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 2,242	$(1,161)

TRANSTECH INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1992
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

The accompanying financial statements are presented in accordance with the requirement of Form 10-Q and consequently do not include all of the disclosures normally required by generally accepted accounting principles or those normally made in the Company's annual Form 10-K filing. Accordingly, the reader of the Form 10-Q may wish to refer to the Company's Form 10-K for the year ended December 31, 1991 for further information.

The financial information has been prepared in accordance with the Company's customary accounting practices except for certain reclassifications made to the 1991 financial statements in order to conform to the presentation followed in preparing the 1992 financial statements. Quarterly financial information has not been audited. In the opinion of management, the information presented reflects all adjustments necessary for a fair statement of interim results. All such adjustments are of a normal and recurring nature.

NOTE 2 - INVENTORIES

Inventories are valued at the lower of cost (first-in, first-out method) or market. Finished goods inventory includes purchased and manufactured products which may be used in valve assemblies or sold as replacement parts. At March 31, 1992 inventories consisted of the following (in $000):

Raw materials	$ 252
Work-in-process	928
Finished goods	3,599
	$4,779

(See Note 3 regarding the pledge of Hunt's inventories as security for its financing.)

NOTE 3 - LONG-TERM DEBT

At March 31, 1992 long-term debt consisted of the following (in $000's):

Hunt Valve Company, Inc.:	
Line of credit (a)	$ 3,090
13% Senior secured notes (b)	10,899
Secured Note Principal and interest at prime plus 2% due monthly through January 1996; secured by certain equipment	315
Junior subordinated notes Principal and interest at prime plus 2-1/2% due monthly through September 1996	442
Parent and all other subsidiaries:	
10% to 11% mortgages payable due in monthly installments through December 2004; secured by land and buildings	640
10% note payable to a former shareholder of the Company, principal and interest at 10% due monthly through June 30, 1992	267
Others	167
Total long-term debt	15,820
Less current portion	671
	$ 15,149

(a) Hunt has a $5 million line of credit with a financial institution which expires on September 27, 1994 and may be extended for one year periods through September 27, 1996. Borrowings under this facility bear interest at that institution's prime rate plus 2%. Amounts borrowed are limited to a percentage of eligible accounts receivable and eligible raw materials and finished goods inventories. The amount borrowed against inventories may not exceed $2.5 million.

All of the borrowings under this line are secured by a first lien on Hunt's accounts receivable, intangibles and inventory, and a second lien on Hunt's machinery and equipment.

The terms of the agreement require that Hunt maintain minimum levels of net worth and earnings, and certain interest coverage and debt-to-equity ratios. The agreement also limits the amount of capital expenditures and officers' compensation, and prohibits the payment of dividends on common stock. Additionally, the agreement requires certain prepayment penalties in the event that Hunt terminates the agreement prior to maturity.

(b) The senior secured notes are collateralized by a mortgage on Hunt's real estate and a pledge of Hunt's common stock, and a second lien on Hunt's accounts receivable, intangibles and inventory. The notes require mandatory prepayments annually commencing on September 30, 1993.

The notes contain provisions which require Hunt to maintain certain minimum current debt to equity and fixed charges coverage ratios, and specified levels of net worth, and also limit capital expenditures and prohibit the payment of dividends on common stock.

These senior secured notes were issued with detachable stock purchase warrants. A portion of the proceeds from issuance of the notes has been allocated to the common stock purchase warrants resulting in a reduction in the recorded principal amount of the senior secured notes which is being amortized as interest expense over the life of the notes at an effective interest rate of 14.32%. Unamortized discount on the senior secured notes at March 31, 1992 was $601,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations for the quarter ended March 31, 1992 compared to the quarter ended March 31, 1991

Operating revenues increased $5,480,000 to $5,876,000 for the quarter ended March 31, 1992 compared to the same period last year. Substantially all of the increase is attributable to the inclusion of Hunt Valve Company, Inc. ("Hunt"), acquired on September 27, 1991. Additionally, there was a $52,000 or 20% increase in alkali products sales and a $19,000 or 16% decrease in revenues from operations which generate electricity from recovered methane gas.

Direct operating costs increased $3,860,000 to $4,174,000 for the quarter ended March 31, 1992. The increase is primarily attributable to the addition of Hunt's manufacturing costs. The Company's other operations experienced an overall 12% or a $41,000 increase in expenses.

Selling, general and administrative expenses increased $476,000 to $1,652,000 for the quarter ended March 31, 1992. This increase is primarily attributable to the inclusion of Hunt's operations net of a $500,000 or 42% decrease in the expenses of all other operations. Decreases were achieved in professional and personnel related expenses.

Operating income for the quarter ended March 31, 1992 increased by $1,244,000 to $50,000.

Investment income decreased by $474,000 to $623,000 for the quarter ended March 31, 1992 due to lower interest income and last year's reversal of the prior year's write down of marketable securities.

Interest expense increased $493,000 to $538,000 for the quarter ended March 31, 1992, $489,000 of which is related to the financing of Hunt.

The Company did not recognize income from its leveraged computer lease investment for the quarter due to a decrease in estimated future market values and rental fees. The Company recognized income of $245,000 from this investment for the quarter ended March 31, 1991.

As the result of the above performance, income before income taxes and minority interests in a subsidiary decreased $401,000 to $212,000 for the quarter ended March 31, 1992.

Net income for the quarter ended March 31, 1992 was $131,000 or $.05 per share compared to $364,000 or $.13 per share for the quarter ended March 31, 1991.

Liquidity and Capital Resources

Lenders participating in the financing of the acquisition of Hunt received security interests in substantially all of Hunt's assets. Working capital, excluding that related to Hunt, was $6.5 million and the ratio of current assets to current liabilities, again excluding Hunt, was 3.6 to 1 as of March 31, 1992, compared to $6.1 million and a ratio of 3.1 to 1 at December 31, 1991. Working capital at March 31, 1992, including Hunt, was $12.0 million with a ratio of 3.3 to 1, compared to $12.3 million and a ratio of 3.2 to 1 at December 31, 1991.

Hunt has a $5 million secured line of credit with a finance company available for general funding requirements. Borrowings are limited to a percentage of eligible receivables and inventories. At March 31, 1992, approximately $3.1 million was borrowed under this facility. In addition, Hunt has $315,000 outstanding under a $700,000 line of credit with a bank for the purpose of financing capital expenditures. The terms of Hunt's loan agreements restrict the distribution of cash to affiliates of Hunt except for preferred stock dividends of $140,000 per year, permitted payments of management fees not to exceed $300,000 for the twelve-month period ending September 30, 1992 and $400,000 for any twelve consecutive month period thereafter, and tax sharing arrangements.

The Company is continuing its search for business acquisitions and anticipates that a portion of its cash and cash equivalents will be committed to this end. In addition, the Company is continuing its efforts to market non-strategic properties.

As of March 31, 1992, the Company has accrued $23.7 million for remediation and closure costs, $10.3 million of which is held in trusts maintained by trustees for such purposes.

No substantial change has occurred with respect to the Company's significant contingencies regarding the Internal Revenue Service audit of the Company's federal income tax returns for the years 1980 through 1988, and the environmental matters discussed in the Company's consolidated financial statements for the year ended December 31, 1991 in the Company's Annual Report on Form 10-K since the date of its filing with the Commission.

TRANSTECH INDUSTRIES, INC.
AND SUBSIDIARIES

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Part I, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits
   Exhibit 11 - Computation of Earnings Per Common Share — Page 15

b) Reports on Form 8-K
   There were no reports on Form 8-K during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TRANSTECH INDUSTRIES, INC.
(Registrant)

Date: May 12, 1992

By: ______________________
Robert V. Silva
President and Chief
Executive Officer

and

Date: May 12, 1992

By: ______________________
Andrew J. Mayer, Jr.
Vice President-Finance,
Chief Financial Officer
and Secretary

TRANSTECH INDUSTRIES, INC.
AND SUBSIDIARIES

EXHIBIT 11 - COMPUTATION OF INCOME PER SHARE

	For the Three Months Ended March 31, 1992	For the Three Months Ended March 31, 1991
PRIMARY:		
Weighted average common shares outstanding	2,829,090	2,829,090
Dilutive effect of common stock equivalents	6,365	-
	2,835,455	2,829,090
Net Income	$ 131,000	$ 364,000
Income per common and common equivalent share	$ .05	$ .13
FULLY DILUTED*		

* For the three months ended March 31, 1992 and 1991, fully diluted earnings per share did not differ significantly from primary earnings per share and therefore is not presented.

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

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FORM 10-Q

Annual Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

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For the period ended March 31, 1992
Commission File: 33-~~33042~~-NY
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FRED WARNER CAPITAL CORP.
(Exact name of registrant as specified in its charter)

ML
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New York	**11301-8305**
(State or other jurisdiction of incorporation or organization)	(I.R.S Employer Identification No.)

150 West End Avenue (27L), New York, New York 10023
Address of Principal Executive Offices Zip code

Registrant's telephone number, including area code: 212-595-5858

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [x] Yes [ ] No

The aggregate market value of the voting stock held by non-affiliates of registrant is (based on average of the bid and ask prices on March 31, 1992: $-0-.

The total number of shares outstanding as of March 31, 1992 was 1,310,400.

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Form 10-Q

FRED WARNER CAPITAL CORPORATION

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PART I. Financial Information	
Item 1. Financial Statements	
Balance Sheets - March 31, 1992 and March 31, 1991 (Unaudited)	2
Statements of Operations (Unaudited) Three Months Ended March 31, 1991 and 1990	3
Statements of Cash Flows Three Months Ended March 31, 1992 and 1991 (Unaudited)	4
Statements of Stockholders' Equity - March 31, 1992 (Unaudited)	5
Notes to Financial Statements (Unaudited)	6
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PART II. Other Information	8
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WARNER CAPITAL CORP.

BALANCE SHEET

(Unaudited)

ASSETS

	March 31, 1992	March 31, 1991
Current Assets		
Cash	$ -0-	$ 666
Other Assets		
Organization Expense-Net (Note 1)	10,464	13,046
Total Assets	$ 10,464	$ 13,712
	======	======

LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' Equity		
Common Shares, $.001 par value, authorized 20,000,000 shares; issued and outstanding on March 31, 1991, 218,400 shares; and on March 31, 1992, 1,310,400 shares (taking into consideration 1:6 forward split.	1,310	218
Capital in Excess of Par Value	19,090	20,182
Retained Earnings	(9,936)	(6,688)
Total Shareholders' Equity	$10,464	$ 13,712
Total Liabilities and Shareholders' Equity	$ 10,464	$ 13,712
	=======	=======

See the accompanying notes to the financial statements.

WARNER CAPITAL CORP.

STATEMENT OF OPERATIONS

(Unaudited)

FOR THE THREE MONTHS ENDED

	March 31, 1992	March 31, 1991
Revenues	$ -0-	$ -0-
Expenses		
General and Administrative	-0-	6,000
Amortization	670	688
Net Loss	$ 670)	$ (6,688)
Earnings per Share (Loss)	$ .00	$ (.031)
Average Number of Shares Outstanding (Note 3)	1,310,400	218,400

See the accompanying notes to the financial statements.

FRED WARNER CAPITAL CORP.

(A Development Stage Company)

STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDED

(Unaudited)

	March 31, 1992	March 31, 1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$ (670)	$ (6,688)
Amortization	670	
Adjustments		
Increase in organization expenses - Net		(1,716)
Decrease in accrued expenses		(1,500)
Total Cash Flows Provided (Used) by Operations	-0-	$ (9,904)
NET INCREASE (DECREASE) IN CASH	-0-	10,570
CASH BALANCE	-0-	$ 666

See accompanying notes to financial statements.

FRED WARNER CAPITAL CORP.

STATEMENT OF SHAREHOLDERS' EQUITY

MARCH 31, 1992

Date	Shares Outstanding	Founder's Warrants	Common Shares	Additional Paid-in Capital	Retained Earnings
9/12/90	200,000	1,000,000	$ 200	$ 1,800	$ -0-
12/31/90	18,400	________	18	18,382	-0-
12/31/90	218,400	1,000 000	218	20,182	-0-
========	========	========	======	=======	========
12/31/91		Net loss			(9,266)
12/31/91	1,310,400	Stock split	1,310	19,090	______
12/31/91	1,310,400	1,000,000	1,310	19,090	(9,266)
========	========	========	======	=======	========
3/31/91		Net loss			(670)
3/31/92	1,310,400	1,000,000	1,310	19,090	(9,936)
========	========	========	======	=======	========

See the accompanying notes to the financial statements.

FRED WARNER CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE QUARTER ENDED MARCH 31, 1992 AND 1991
(A Development Stage Company.)

Note 1. Summary of Significant Accounting Policies

(a) Organization and Business

Fred Warner Capital Corp., a New York corporation, (the "Company") was incorporated on June 12, 1990 and is considered to be in the development stage.

The activities to date have been limited to the preparation of data in connection with the sale of its securities and the investigation of potential business combinations.

The Company's year-end is December 31.

(b) Registration Costs

All costs incurred in connection with Company's securities offering have been capitalized and charged to capital in excess of par upon successful completion of the offering.

(c) Organization Expense

The cost of organizing the Company were charged to operations on a straight-line basis over a five-year period.

(d) Fixed Assets

Assets will be recorded at cost. Depreciation will be computed based upon the straight-line method over asset class useful lives.

Note 2. Issuance of Stock

The Company offered a total of 25,000 common shares, $.001 par value per share (the "Shares"), on a best efforts basis at an offering price of $1.00 per Share. In addition, the Company registered an aggregate of 1,000,000 redeemable common share purchase warrants ("Founder's Warrants") entitling the holder to purchase one Share for a period of three years commencing the closing date of the initial public offering at an exercise price of $1.00. The initial public offering closed on December 31, 1990 with the sale of 18,400 Shares.

In October, 1991, the Company's securities were forward split 1:6.

Note 3. Commitments

The Company presently is subject to no contractual commitments nor does it have any commitments to pay rent, remuneration or any other expense.

Note 4. Certain Relationships and Related Transactions

The President of the Company has provided office and related facilities free of charge.

Item 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

The registrant, as of March 31, 1991, had total assets of $10,464 consisting of organizational expenses and no liabilities. During the first quarter of fiscal year, 1992, the registrant wrote off a part of its organizational expenses. As of March 31, 1992, the registrant is a blank check company as it has no business nor any agreement or understanding to acquire, invest in or enter a business.

Liquidity and Capital Resources

There were no general or administrative expenses as all costs of operating the registrant were borne by its officers and directors without reimbursement. The officers and directors intend to continue that policy until a target company can be acquired. The registrant has no cash and can continue in the business of locating and combining with a target company only if its officers and directors continue to supply office space, operating funds and services for no cash consideration. The registrant has no material future commitments for capital expenditures.

ADDITIONAL INFORMATION

The registrant is subject to the informational requirements of the Securities and Exchange Act of 1934, as amended, and, in accordance therewith, the registrant files reports and other information with the Securities and Exchange Commission (the "Commission"). Reports and other information filed by the registrant can be inspected and copied at the Commission's public reference room located at 450 Fifth Street, N.W., Washington, D.C. 2-549, and at the public reference facilities in the Commission's regional offices located at 75 Park Place, New York, New York 10007 and Room 1242, 219 South Dearborn Street, Chicago, Illinois 60604. Copies of such material can be obtained at prescribed rates by writing to the Securities and Exchange Commission, Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549.

PART II- OTHER INFORMATION

Item 1. Legal Proceedings.

The registrant is not involved in any legal proceedings and none are pending or threatened.

Item 2. Changes in Securities.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

None.

FORM 10-Q

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto authorized.

FRED WARNER CAPITAL CORP.
(Registrant)

By:________________________
Joel Pensley,
President and a Director

By:________________________
Theodore Berk,
Secretary/Treasurer and
a Director

Dated: May 11, 1992

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.
20549

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90-2646

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 28, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to ______________________

COMMISSION FILE NUMBER 0-3085

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WYMAN-GORDON COMPANY
(Exact name of registrant as specified in its charter)

MASSACHUSETTS	04-1992780
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

244 WORCESTER STREET, BOX 8001, GRAFTON, MASSACHUSETTS 01536-8001
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 508-756-5111

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of The Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No __

PR
E. E. V
MAY 1992

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at March 2
Common Stock, $1 Par Value	17,831,379

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WYMAN-GORDON COMPANY AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF INCOME

	Thirteen Weeks Ended	
	March 28, 1992	March 30, 1991
	(000's omitted, except per share data)	
Revenue	$82,401	$91,010
Less:		
Cost of goods sold (note B)	74,461	82,968
Selling, general & administrative expenses	6,577	7,032
	81,038	90,000
Income from operations	1,363	1,010
Other deductions:		
Interest expense	2,208	3,238
Miscellaneous, net	187	427
	2,395	3,665
Income (loss) before income taxes	(1,032)	(2,655)
Income taxes	-	1,062
Net income (loss)	$(1,032)	$(1,593)
Net income (loss) per share	$ (.06)	$ (.09)
Dividends paid per share	$ -	$ .10

The accompanying notes to the consolidated condensed financial statements are an integral part of these financial statements.

WYMAN-GORDON COMPANY AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

	March 28, 1992	Dec. 31, 1991
	(000's omitted)	
ASSETS		
Cash and cash equivalents	$ 13,065	$ 4,521
Accounts receivable	71,367	83,966
Inventories (note B)	61,248	70,287
Prepaid expenses	12,130	12,128
Refundable taxes	3,725	3,725
Total current assets	161,535	174,627
Property, plant and equipment, at cost	330,982	335,310
Less accumulated depreciation	223,717	224,910
Net property, plant and equipment	107,265	110,400
Intangible assets	18,198	18,868
Pension intangible	13,866	13,866
Deferred program costs	12,432	11,453
Other assets	9,568	9,940
	$322,864	$339,154
LIABILITIES		
Current maturities of long-term debt	$ 2,077	$ 2,077
Accounts payable	30,891	33,940
Accrued taxes	1,610	1,469
Other accrued liabilities	5,950	6,249
Accrued restructuring, disposal and other	7,985	20,033
Total current liabilities	48,513	63,768
Restructuring, disposal, and other	32,335	32,335
Long-term debt	90,538	90,615
Pension liability	16,978	16,978
Deferred income tax	7,444	7,370
STOCKHOLDERS' EQUITY		
Preferred stock - none issued	-	-
Common stock issued - 20,402,720 shares	20,403	20,403
Capital in excess of par value	16,616	16,616
Retained earnings	135,420	136,452
	172,439	173,471
Less treasury stock at cost - 2,571,341 shares	45,383	45,383
	127,056	128,088
	$322,864	$339,154

The accompanying notes to the consolidated condensed financial statements are an integral part of these financial statements.

WYMAN-GORDON COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW

	Thirteen Weeks Ended	
	March 28, 1992	March 30, 1991
	(000's omitted)	
Operating Activities:		
Net income (loss)	$(1,032)	$(1,593)
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:		
Depreciation and amortization	3,914	7,268
Accrued restructuring, disposals, and other	(10,714)	(2,620)
Accounts receivable	12,636	15,563
Inventories	8,787	190
Accounts payable and accrued liabilities	(3,759)	1,273
Income and other taxes	214	(4,564)
Prepaid expenses and other assets	369	(7,502)
Net cash provided (used) by operating activities	10,415	8,015
Investing Activities:		
Capital expenditures	(1,442)	(3,615)
Deferred program costs	(979)	(912)
Proceeds from the sale of production facilities	148	165
Proceeds from the sale of fixed assets	436	-
Other, net	43	650
Net cash provided (used) by investing activities	(1,794)	(3,712)
Financing Activities:		
Issuance (payment) of short-term borrowings	-	(500)
Payment of debt	(77)	(1,610)
Dividends paid	-	(1,783)
Net cash provided (used) by financing activities	(77)	(3,893)
Increase (decrease) in cash	8,544	410
Cash, beginning of year	4,521	6,644
Cash, end of period	$13,065	$ 7,054

The accompanying notes to the consolidated condensed financial statements are an integral part of these financial statements.

WYMAN-GORDON COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
March 28, 1992

Note A - Basis of Presentation

In the opinion of the Company, the accompanying unaudited consolidated condensed financial statements contain all adjustments necessary to present fairly its financial position at March 28, 1992 and December 31, 1991 and its results of operations, and cash flows for the thirteen weeks ended March 28, 1992 and March 30, 1991. All such adjustments are of a normal recurring nature.

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with Article 10 of Regulation S-X and, therefore, do not include all information and footnotes necessary for a fair presentation of the financial position, results of operations and cash flows in conformity with generally accepted accounting principles. In conjunction with its 1991 Annual Report on Form 10-K, the Company filed audited consolidated financial statements which included all information and footnotes necessary for a fair presentation of its financial position at December 31, 1991 and December 31, 1990 and its results of operations and cash flows for the years ended December 31, 1991, 1990 and 1989.

The results of operations for the thirteen week period ended March 28, 1992 are not necessarily indicative of the results to be expected for the full year.

Note B - Inventories

Inventories consisted of:

	March 28, 1992	Dec. 31, 1991
	(000's omitted)	
Raw material	$ 1,076	$ 5,728
Work-in-process	61,046	65,953
Supplies	821	787
	62,943	72,468
Less progress payments	1,695	2,181
	$ 61,248	$ 70,287

Most of the Company's inventories are valued by the last-in, first-out (LIFO) method.

Inventories	$ 61,248	$ 70,287
LIFO reserve	63,478	64,203
Inventories at FIFO cost	$124,726	$134,490

LIFO inventory accounting (credits)/charges to cost of goods sold in the first quarters of 1992 and 1991 were ($854,000) and ($943,000), respectively.

Management's Discussion and Analysis of Results of Operations and Changes in Financial Condition

Results of Operations

The principal markets served by the Company are defense equipment and commercial transportation equipment (including aerospace transportation in 1992 and highway and aerospace transportation in 1991).

Revenues by market for the respective periods were as follows (000's omitted):

	First Quarter 1992		First Quarter 1991	
	Amount	Percent of Total	Amount	Percent of Total
Commercial transportation equipment	$47,088	57%	$53,455	59%
Defense equipment	31,258	38%	33,086	36%
Other	4,055	5%	4,469	5%
	$82,401	100%	$91,010	100%

First Quarter, 1992 vs. First Quarter 1991

Revenues for the first quarter of 1992 decreased in relation to the same quarter of the prior year due to the inclusion of $13,484,000 in revenue from the Company's divested crankshaft operations in the first quarter of 1991. Excluding the effects of the crankshaft operations, the Company experienced an increase in revenues in the first quarter of 1992 primarily in the commercial transportation market. The decline in cost of goods sold, and selling, general and administrative expenses resulted primarily from the sale of the crankshaft operations, while as a percent of revenue they remained fairly constant. Favorable interest rates resulted in lower interest expense in the first quarter of 1992. No taxes were recorded in 1992 due to the limitation on recognizable income tax accounting benefits of tax loss carryforwards.

Changes in Financial Condition from December 31, 1991 to March 28, 1992

The $8,544,000 increase in cash in the first quarter of 1992 resulted primarily from efforts to improve accounts receivable and inventory turnovers. These sources of cash were partially mitigated by the use of cash to fund the restructuring and divestiture of crankshaft operations, yielding $10,415,000 in cash from operations. The decrease in depreciation and amortization as compared with the first quarter of 1991 reflects the writeoff of goodwill and the writedown of certain assets related to the restructuring implemented in the fourth quarter of 1991. The Company continued to expend cash on certain programs whose costs are deferred in the first quarter of 1992.

Operations and bank financing are expected to continue to be the Company's primary source of liquidity in 1992. The Company believes it has adequate resources to provide for its operations.

Item 6. Reports on Form 8-K

No reports on Form 8-K have been filed with the Commission during the period covered by this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Wyman-Gordon Company

Date: May 8, 1992

By:

Luis E. Leon
Vice President-Treasurer